Navigating the Future

Sheraton Grand Hotel - Sacramento

JPIA Conference Packet

May 2-3, 2022

800.231.5742 — www.acwajpia.com

President's Welcome

Dear Board Members and Friends:

Welcome to the 2022 Spring Conference at the Sheraton Grand Hotel in Sacramento. I am pleased to see more members coming back to attend in person. While rules on mask wearing and social distancing have gotten much less restrictive, I am sure that our attendees will honor everyone's personal comfort levels when it comes to physical contact and social distancing.

On Monday morning we will start off with a California Water Insurance Fund (CWIF) Board meeting. CWIF is a captive insurance company, which is wholly owned by the JPIA. It will be followed by an Executive Committee meeting. During our Pre-Board meeting lunch, we will hear from Faith Lane Borges from California Advocates and Robin Flint, JPIA Risk Control Manager. In the afternoon is the Board of Directors' meeting followed by the Town Hall meeting and the JPIA Reception, sponsored by Alliant Insurance Services, Inc; Barber & Bauermeister; bswift; Cohen & Burge, LLP; Cueno Black Ward & Missler; Donahue Davies, LLP; Law Offices of Robert Gokoo; Manning & Kass, Ellrod, Ramirez, Trester, LLP; Jacobson Markham, LLP; Meyers Fozi & Dwork, LLP; Occu-Med; Rankin Stock Heaberlin Oneal; and Vector Solutions.

Scheduled for Tuesday are three seminars. The first one in the morning is "Cybersecurity for Utilities: Principles and Framework," presented by Hong Sae, Chief Information Officer, City of Roseville, and President of MISAC Association (Municipal Information Systems Association of California). Then Alex Kaplan, Executive Vice President, Alternative Risk, Amwins will present "The Protection Gap: Climate Risk and Insurance." In the afternoon, we will have the "Sexual Harassment Prevention for Board Members & Managers (AB1825, 1601 & 2053)" which is being presented by Robert Greenfield, JPIA General Counsel.

We will see you Tuesday evening at our booth in the Exhibit Hall for the ACWA Conference Welcome Reception. On Wednesday and Thursday, we'll be back at the Exhibit Hall. Please take time to come by the JPIA's booth and say hello to the JPIA staff and Executive Committee members.

Organizational growth remains steady. In total, there are now 398 JPIA members. In the Liability Program, we have 340 members; there are 201 members in the Workers' Compensation Program; the Property Program has 285 members; and the Employee Benefits Program has 264 members. We encourage current members to consider some of the other programs that the JPIA offers. For those members who already participate in all the JPIA's programs, thank you for your support and confidence in the JPIA.

As always, I welcome your thoughts on how to better serve our membership and improve the organization. I look forward to seeing you all in person in Sacramento.

Sincerely,

Jerry

E.G. "Jerry" Gladbach
Board President
661-297-2200

ACWA JPIA
YOUR BEST PROTECTION

Conference Schedule

Sheraton Grand Hotel

1230 J Street, Sacramento, CA 95814

Monday — May 2, 2022

8:30 a.m. – 10:00 a.m.	**California Water Insurance Fund (CWIF) Board Meeting**	Magnolia
10:15 a.m. – 11:15 a.m.	**Executive Committee Meeting**	Magnolia
11:30 a.m. – 1:00 p.m.	**Pre-Board Meeting Lunch - with Keynote Speakers: Faith Lane Borges, California Advocates, and Robin Flint, JPIA Risk Control Manager** *RSVP by 4/6/22 was required to attend this event.*	Gardenia
1:30 p.m. – 4:00 p.m.	**Board of Directors' Meeting**	Magnolia/Camelia
4:00 p.m. – 5:00 p.m.	**Town Hall Meeting**	Magnolia/Camelia
5:00 p.m. – 6:00 p.m.	**ACWA JPIA Reception**	Grand Nave Foyer

Tuesday — May 3, 2022

8:15 a.m. – 9:45 a.m.	**Cybersecurity for Utilities: Principles and Framework**	Magnolia
10:00 a.m. – 11:30 a.m.	**The Protection Gap: Climate Risk and Insurance**	Magnolia
1:00 p.m. – 3:00 p.m.	**Sexual Harassment Prevention for Board Members & Managers (AB1825, 1661 & 2053)**	Gardenia

Wednesday — May 4, 2022

8:30 a.m. 6:00 p.m.	**Exhibit Booth #116 & 118**	Convention Center

Thursday — May 5, 2022

8:00 a.m. 12:00 p.m.	**Exhibit Booth #116 & 118**	Convention Center

Seminar Descriptions

Cybersecurity for Utilities: Principles and Framework

Presenter: Hong Sae, Chief Information Officer, City of Roseville, and President of MISAC (Municipal Information Systems Association of California)

Cybercrime is a real and present danger today. Public entities must ensure operations are not interrupted, even if a breach occurs. Learn the Three Principles of Cybersecurity (People, Process, Performance), and how to apply the best practices including business governance, business continuity, disaster recovery, leadership, and accountability to successfully address any cyber issues.

Hong Sae - Roseville is a full-service chartered city with a population of ~150,000. Sae represents CIO & Information Technology leaders from 330 agencies and ~1,500 members of California Local Government & Special Districts.

Hong Sae is a Lean Six Sigma Green Belt Executive, member of Sacramento CIO/CTO Forum, California State CIO Advisory Workgroup, and Honor Graduate of the Certified Government Chief Information Officer Program (CGCIO) from Rutgers University. He has 30 years of high-performing business leadership as CIO and IT-Director for the City of Irving-TX, City of Farmers Branch-TX, TX-MHMR, National Medical Enterprise, and other private industries.

The Protection Gap: Climate Risk and Insurance

Presenter: Alex Kaplan, Executive Vice President, Alternative Risk, Amwins

In 2021, the US lost $169 billion of economic value to climate events alone. In the largest insurance market in the world, $77 billion of that was uninsured and borne by society and government. This protection gap is growing and challenging communities and governmental entities in a host of new ways that erode their ability to raise capital for long-term initiatives and meet their budgetary commitments. In this session, Alex will discuss how risk is evolving, how globalization and urbanization are exacerbating the risk, and how the insurance industry is adapting and developing new solutions.

Alex Kaplan is Executive Vice President of Alternative Risk for Amwins Group, the largest wholesale insurance distributor globally. He leads the development and execution of innovative risk transfer solutions, such as parametric insurance, that transform financial risk across all segments of society. Kaplan is also responsible for developing new products and capital sources for Amwins, its retail customers, and their clients.

Over the past five years, Kaplan has helped move over $2 billion USD of taxpayer exposure into the private market. He holds a patent for a parametric windstorm insurance mechanism design and was featured in National Geographic's Years of Living Dangerously for his expertise on insurance solutions to address climate-related risks.

Kaplan served as the Deputy to the Assistant Secretary for Legislative Affairs for the United States Department of the Treasury under Secretary Henry M. Paulson from August 2006 through the financial crisis. Prior to that, he was Manager of Government Affairs of the Organization for International Investment, representing US subsidiaries of foreign companies.

Continued on next page

Continued from previous page

Sexual Harassment Prevention for Board Members & Managers (AB1825, 1661 & 2053)

Presenter: Robert Greenfield, JPIA General Counsel

The world is constantly changing and the impact of these changes filters into workplaces on a daily basis. This course will take a new look at the issue of sexual harassment, particularly in light of new protected classes, technological advances, acceptable workplace behavior, and the age-old issue of respect for anyone associated with a district's business.

Other points covered by this course are understanding the California and federal sexual harassment laws, recognizing early signs of sexual harassment, and dealing with incidents of harassment.

Robert H. Greenfield joined the JPIA in December of 2013. As JPIA's General Counsel, Robert oversees legal compliance of the JPIA with all applicable State and Federal laws. Robert directs outside counsel in JPIA litigated claims and provides coverage analysis for members. He also provides assistance to the members through employment practices training, including state mandated training for supervisors and elected officials. In complicated matters, Robert provides assistance to members through the Employment Practices Hotline.

Robert graduated from Fordham College and University of Pacific School of Law with honors. Robert was in private practice for 30 years representing public entities in both State and Federal Court in many types of litigation with a focus on labor and employment matters. He has been given the highest possible rating in both Legal Ability & Ethical Standards by Martindale–Hubbell in Government Law and Employment Law.

Robert is an active member of the State Bar of California and participates in the Employment and Labor Law Section of the State Bar. He is also a past president of the local County Bar Association and served as an elected member of the Gold Trail Unified School District Board of Trustees.

To receive credit for this class, attendees must arrive on time and attend the entire two-hour session. HR professionals may count these session hours as electives towards JPIA's HR Certification Program. This course complies with AB1825 sexual harassment training for "managers."

General Information

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CWIF

California Water Insurance Fund

Board of Directors Meeting

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814

Monday
May 2, 2022
8:30 AM

Board of Directors

Chairman: E.G. “Jerry” Gladbach, Santa Clarita Valley Water Agency

Vice-chair: J. Bruce Rupp, Humboldt Bay Municipal Water District

Brent Andrewsen, Kirton McConkie

Fred R. Bockmiller, Jr., Mesa Water District

Brent Hastey, Yuba Water Agency

Andrew Morris, Santa Rosa Regional Resources Authority

Scott Quady, Calleguas Municipal Water District

Officers

President: Walter “Andy” Sells, ACWA JPIA

Vice-President: Robert Greenfield, ACWA JPIA

Secretary: Brent Andrewsen, Kirton McConkie

Treasurer: David deBernardi, ACWA JPIA

CWIF

California Water Insurance Fund

Board of Directors Meeting

AGENDA

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814
(916) 447-1700

Monday, May 2, 2022 – 8:30 AM

Presenter			Page #
Sells	*	1. Approve the minutes of the September 23, 2021 meeting.	**2**
PFM	*	2. PFM Investment Portfolio update.	**4**
PFM	*	3. Review and approve Investment Policy.	**5**
deBernardi	*	4. Review and approve Audited Financial Statements for year ending September 30, 2021.	**13**
Sells	*	5. Program status.	**48**
Sells	*	6. Plan 2022 Annual Board Of Directors meeting.	**50**

ADJOURN

**Related items enclosed.*

CALIFORNIA WATER INSURANCE FUND

MINUTES OF THE ANNUAL BOARD OF DIRECTORS MEETING

SEPTEMBER 23, 2021

MINUTES of above referenced annual meeting of the Board of Directors of California Water Insurance Fund ("Company") held at 2100 Professional Drive, Roseville, CA 95661 on September 23, 2021 at 10:02 PM and remote sites via Zoom.

CONFIRMATION OF NOTICE AND QUORUM

The Chairman of the Board confirms the notice of the meeting and announced there was a quorum. All the Directors were present.

CWIF BOARD OF DIRECTORS IN ATTENDANCE

CHAIRMAN: E. G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
VICE-CHAIR: J. Bruce Rupp, Humboldt Bay Municipal Water District
Lorin Barker, Kirton McConkie
Fred R. Bockmiller, Jr., Mesa Water District
Brent Hastey, Yuba Water Agency
Andy Morris, Santa Rosa Regional Resources Authority
Scott Quady, Calleguas Municipal Water District

CWIF OFFICERS IN ATTENDANCE

PRESIDENT: Walter "Andy" Sells, JPIA Chief Executive Officer
VICE PRESIDENT: Robert Greenfield, JPIA General Counsel
TREASURER: David deBernardi, JPIA Director of Finance
SECRETARY: Lorin Barker, Kirton McConkie

JPIA STAFF IN ATTENDANCE

Patricia Slaven, JPIA Director of Human Resources and Administration
Dan Steele, JPIA Finance Manager
Chimene Camacho, JPIA Executive Assistant to the CEO

OTHERS PRESENT

None.

KEY ITEMS DISCUSSED

- Reappoint of Company Officers
- CWIF activity update

- Dividend Policy presentation for approval
- Liability 2021-22 Reinsurance Agreement renewal presentation
- Plan 2021-22 Annual Board Meeting

RESOLVED:
Re-appointment of Company Officers for term October 1, 2021 to September 30, 2022:
President: Andy Sells, ACWA JPIA
Vice President: Robert Greenfield, ACWA JPIA
Secretary: Lorin Barker, Kirton McConkie
Treasurer: David deBernardi, ACWA JPIA

RESOLVED:
Approved the Company Dividend Policy, as presented, with approval of actual dividends before distribution by the Utah Insurance Department.

RESOLVED:
Approved the renewed 2021-2022 Liability Program Reinsurance Agreement.

ADJOURNMENT

There being no further business, Chairman Gladbach adjourned the meeting.

APPROVAL OF MINUTES

The Board reviewed and approved these minutes.

____
Lorin C. Barker
Company Secretary

CWIF
Investment Portfolio Update
May 2, 2022

BACKGROUND
In December 2019, PFM began managing CWIF's investment portfolio.

CURRENT SITUATION
PFM will present a summary of the investment portfolio. This presentation will include commentary on the current market and thoughts about managing the investments going forward.

RECOMMENDATION
None, informational only.

Prepared by: David deBernardi, Director of Finance Date Prepared: April 11, 2022

CWIF
Investment Policy
May 2, 2022

BACKGROUND
CWIF created an investment policy in October of 2019. The investment policy has not been significantly changed since then.

CURRENT SITUATION
There are proposed changes summarized by PFM, CWIF investment advisor, to the investment policy. PFM is proposing an increase to the top range of domestic and international equity from +10% to +20%.

The current policy continues to outline a split of 65/35 percent between equity and fixed income securities. It also has objectives based on a time horizon of twenty years or longer. The objectives are as follows:

1. All transactions are undertaken with the sole interest of ACWA JPIA beneficiaries. Assets to be diversified to minimize impact of large losses.
2. Funding for anticipated withdrawals
3. Enhance value of CWIF assets
4. Annual return of 7% or greater

RECOMMENDATION
That the CWIF Board of Directors approve the proposed changes to the Investment Policy, as presented.

Prepared by: David deBernardi, Director of Finance Date prepared: April 15, 2022

pfm asset management

April 14, 2022

Memorandum

To: Board of Directors
California Water Insurance Fund

From: Lauren Brant
Ellen Clark
PFM Asset Management LLC

RE: Investment Policy Review and Recommend Changes

As part of our regular review of the Investment Policy Statement ("IPS") for California Water Insurance Fund ("CWIF"), PFM Asset Management LLC ("PFMAM") recommends making a few minor revisions/updates. A redline version of the IPS is attached for your convenience.

Section 5 - Asset Allocation, page 2

Recommendation: Expand Allowable Range on Domestic and International Equity

The current top range for domestic and international equity allow -20%/+10%. ***PFMAM recommends expanding the range to be -20%/+20%.*** If the Board is uncomfortable with expanding to +20%, we request at least expanding to +15%.

The rationale for requesting additional flexibility on the upside is because the narrower range has not allowed the CWIF portfolio to drift higher when PFMAM has taken a tactical overweight. Expanding the range would result in the CWIF portfolio experiencing the full benefit of PFMAM's decisions. While increasing the range has the potential to increase the risk of the portfolio as well as increase the potential return of the portfolio. Ideally, PFMAM is looking to increase our allocation to equities when we think equities have a high likelihood of adding to the overall return of the portfolio. In the later part of 2021, the portfolio was positioned with an overweight to domestic equity allocation; in order to keep the portfolio with an overweight to domestic equity (and due to the rise in the domestic equity market) we began bumping up on the CWIF maximum asset weight to domestic equity.

The expansion of the range also impacts minimum allocation to Fixed Income and the maximum allocation to Growth Assets. ***We recommend changing the minimum allocation to Fixed Income from 25% to 15% and maximum allocation to Growth Assets from 75% to 80%.***

Section 7 - Limitations on Managers' Portfolios, page 3

Changes to this section are information-oriented to clarify and align the description of asset classes with the asset allocation table presented on page 2.

PFMAM recommends adopting these changes to the IPS as they are informational in nature—providing clarification and no material change to the IPS.

In addition to these recommended changes, CWIF may want to update the signature page of the IPS.

California Water Insurance Fund
Investment Policy Statement

Adopted October 28, 2019

Revised May 2, 2022

ACWA JPIA has established an insurance captive known as California Water Insurance Fund (CWIF). The creation of CWIF will create greater independence for excess and reinsurance coverage placement, and provide greater efficiencies for managing and financing risk. The California Water Insurance Fund Board (the "Board") has been appointed to oversee certain policies related to the operation and administration of CWIF. The purpose of this Investment Policy Statement is to document investment objectives and establish an appropriate investment strategy including an investment time horizon, asset allocation targets and ranges, performance expectations and periodic performance reporting requirements.

1. **Investment Objectives**
    a. To invest assets of CWIF in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of ACWA JPIA beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
    b. To provide for funding and anticipated withdrawals on a continuing basis for payment of long-term liabilities and reasonable expenses of operation of CWIF.
    c. To enhance the value of CWIF assets over the long term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
    d. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding an average annual target of 7% over a 20-year period.

2. **Time Horizon**

   CWIF's investment objectives are based on a long-term investment horizon ("Time Horizon") of twenty years or longer. Interim fluctuations should be viewed with appropriate perspective. The long-term investment horizon contemplates risks and duration of investment losses, which are carefully weighed against the long-term potential for appreciation of assets.

3. **Liquidity and Diversification**

   In general, CWIF may hold some cash, cash equivalent, and/or money market funds for near-term liabilities and expenses (the "CWIF Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

4. **Use of an Investment Advisor**

An investment advisor ("Advisor") may be hired to assist CWIF in the investment process and to maintain compliance. The Advisor may assist CWIF in establishing investment policy objectives and guidelines. The Advisor will adjust asset allocation for CWIF subject to the guidelines and limitations set forth in this Investment Policy Statement. The Advisor will also select investment managers and strategies consistent with its role as fiduciary. The investment vehicles allowed may include exchange traded funds ("ETFs"), mutual funds, commingled trusts, collective trusts, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the Advisor. The Advisor is also responsible for monitoring and reviewing investment managers; measuring and evaluating performance; and other tasks as deemed appropriate in its role as Advisor for CWIF.

5. **Asset Allocation**

To achieve the greatest likelihood of meeting CWIF's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than CWIF's target rate of return over the long term.

	Asset Weightings	
Asset Classes	**Range**	**Target**
Growth Assets		
Domestic Equity	22% - ~~52%~~62%	42%
International Equity	3% - ~~33%~~43%	23%
Other	0% - 10%	0%
Income Assets		
Fixed Income	~~25~~15% – 70%	35%
Other	0% – 10%	0%
Real Return Assets	0% – 10%	0%
Cash Equivalents	0% – 20%	0%

The total allocation to Growth Assets may not exceed 80~~75~~% of the overall portfolio. Additionally, the total allocation to Other Assets is limited to 20% of the overall portfolio. The asset allocation range represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside these ranges. When allocations breach the specified ranges, the Advisor will rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions.

6. **Prohibited Investments**

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of SEC Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

7. **Limitations on Managers' Portfolios**

Every effort shall be made by the Advisor, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Investment Policy Statement. Given the nature of the investments, it is recognized that there may be deviations between this Investment Policy Statement and the objectives of these investments. If deviations occur, the Advisor shall notify CWIF.

GROWTH ASSETS

Equities. No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix of the equity of companies from multiple countries, regions and sectors.

Other*. Publicly traded asset classes like REITs, and non-traditional asset classes like private equity, whose primary risk and return characteristics are equity like and focused on capital appreciation

INCOME ASSETS

Fixed Income. Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

Other*. ~~***Assets ("Alternatives").***~~ ~~A~~Publicly traded asset classes like preferred stock and ~~lternatives may consist of~~ non-traditional asset classes such as~~, private equity~~, private debt, ~~-~~whose risk and return characteristics are align with risk mitigation and income generation.~~real estate and inflation hedge~~. ~~Prior to adding an allocation to any of these asset classes, with the exception of publicly-traded mutual funds or ETFs, the Advisor shall receive approval from the Board.~~

REAL RETURN ASSETS*.* Real return assets may consist of collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns after inflation.

CASH EQUIVALENTS*.* Cash equivalents are investments designed to provide liquidity. Investments may include funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

**Prior to adding an allocation to any non-publicly traded asset class~~of these asset classes, with the exception of publicly-traded mutual funds or ETFs~~, the Advisor shall receive approval from the Board.*

8. **Safekeeping**

All assets of CWIF shall be held by a custodian approved for safekeeping assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Agreement. Investments of CWIF not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

9. **Performance Expectations**

Over the long-term the performance objective will be to achieve an average total annual rate of return that is equal to or greater than 7%. Additionally, it is expected that the annual rate of return on CWIF assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual investments and blended benchmark comparisons in its entirety.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. The Advisor shall report the investment performance to the Board and officers on a quarterly basis. In addition, the Advisor will be responsible for keeping the Board and officers advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the portfolio.

10. **Review of Investment Policy Statement**

The Advisor shall review annually and report to the Board and officers the appropriateness of this Investment Policy Statement for achieving CWIF's stated objectives.

Adopted by: California Water Investment Fund Board:

~~Thomas A. Cuquet~~E.G. Jerry Gladbach
Chairman, CWIF Board

Date

~~Lorin Barker~~Brent Andrewsen
Secretary, CWIF Board

Date

CWIF
Audited Financial Statements
Year Ending September 30, 2021
May 2, 2022

BACKGROUND
Each year by Utah law, CWIF provides for an independent audit of the CWIF's financial statements. Gilbert Associates performed the annual audit of CWIF for the fiscal year of October 1, 2020 through September 30, 2021.

CURRENT SITUATION
CWIF is receiving an unmodified opinion. The opinion states that the financial statements present fairly, in all material respects, the financial position of CWIF as of September 30, 2021, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

This is CWIF's second audit. CWIF's financial numbers will be consolidated into the JPIA's annual audit report.

RECOMMENDATION
That the CWIF Board of Directors approve the 2020/2021 audited financial statements, as presented.

Prepared by: David deBernardi, Director of Finance Date Prepared: April 11, 2022

CWIF

California Water Insurance Fund

FINANCIAL REPORT

For the Year Ended

September 30, 2021

CWIF
California Water Insurance Fund

For Year Ended September 30, 2021

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Relax. We got this.SM

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Water Insurance Fund
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the California Water Insurance Fund (CWIF) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise CWIF's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CWIF as of September 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2880 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Phone 916.646.6464 • Fax 916.929.6836 • GilbertCPA.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of claims liabilities by type of contract, ten year claims development information, notes to required supplementary information on pages 6-11 and 25-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CWIF's basic financial statements. The statement of revenues, expenses, and changes in net position by program is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The statement of revenues, expenses, and changes in net position by program is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenues, expenses, and changes in net position by program is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of CWIF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CWIF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWIF's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

January 31, 2022

CWIF

California Water Insurance Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the California Water Insurance Fund (CWIF), we offer readers of the CWIF financial statements this narrative overview and analysis of the financial activities of CWIF for the year ended September 30, 2021.

RELATIONSHIP OF ACWA JPIA AND THE CAPTIVE

The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) was created over 40 years ago as a Joint Powers Authority (JPA). It was originally created to develop a risk pooling, or sharing, arrangement for the risks faced by the public entities in California related to the water industry. ACWA JPIA is a member directed risk sharing pool of water districts, irrigation districts and other water related public entities committed to providing risk coverage programs and risk management services which are competitive, available, responsive, equitable and stable.

ACWA JPIA is a California public agency created pursuant to GC §6500 et. seq. The government code provides that JPAs may pool risk and buy reinsurance, but JPA operations will not be considered "insurance" and are not regulated by the California Department of Insurance. As a public agency, investments by ACWA JPIA are regulated in accordance with GC §53601. ACWA JPIA operates four major programs, which are internally segregated so that there is no actuarial risk-sharing between programs. Administrative costs are allocated to the programs based upon the estimated amount of staff time spent on each program.

CWIF will benefit all programs by providing an efficient and diverse risk transfer mechanism. The diversity created by co-mingling risks provides greater stability than is achieved through the ACWA JPIA. In addition, assets held by CWIF will be invested based upon the regulations of the domicile where the captive is located, which will afford the opportunity to increase investment earnings over time.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

CWIF operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for CWIF in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Net Position presents a snapshot of the CWIF's assets, liabilities, and net position as of September 30, 2021. The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues and expenses for the fiscal year resulting in the changes to net position. The Statement of Cash Flows reports changes in net position and income accounts that affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Condensed financial information is presented as follows.

CONDENSED STATEMENT OF NET POSITION

	9/30/2021	9/30/2020
ASSETS		
Other Assets	$101,790,329	$58,122,993
Capital Assets	0	0
Total Assets	101,790,329	58,122,993
LIABILITIES		
Current Liabilities	41,223,197	19,320,158
Noncurrent Liabilities	17,713,271	10,947,957
Total Liabilities	58,936,468	30,268,115
NET POSITION		
Capital Stock	250,000	250,000
Unrestricted	42,603,861	27,604,878
TOTAL NET POSITION	$42,853,861	$27,854,878

Total assets nearly doubled from prior year, increasing by $43.6 million. Of this increase, $32 million of it came specifically in investments. The investment increase was due to the $24 million collected in premiums from JPIA that were mostly invested in the CWIF portfolio. Additionally, investments increased in fair market value by nearly $10 million. On top of the investment increase, premiums receivable increased by $10 million from the previous year. The premiums receivable increase was due to 21 months of workers' comp premiums being in the balance compared to 9 months on September 30, 2020. Since workers' comp policy years runs July 1 to June 30, it is anticipated going forward that 21 months of premium receivable will reside in the balance as of yearend. The JPIA and CWIF move money annually between entities in October/November. Money for a work comp policy year premium is moved after it has been completed (12 months).

Total liabilities increased by $28.7 million from the prior year. This increase had many contributors. Accounts payable, representing money owed to JPIA for claims paid increased by $4.5 million. This was to be expected given that CWIF has tasked JPIA with more policy years for both liability and work comp, to administer and pay claims on behalf of CWIF.

In addition, the CWIF Board approved a dividend policy resulting in $4.1 million of dividends payable. The administrative fees payable to JPIA also increased for similar reasons – additional policy years being added to the prior year's total. This was not unexpected since CWIF intends to pay the administrative fees to JPIA after the policy years are 4 years developed. CWIF net position ended at $42.8 million for the year ended September 30, 2021. This was a change of nearly $15 million which was mostly attributed to investment income.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	9/30/2021	9/30/2020
OPERATING REVENUES		
Premiums	$35,855,571	$22,756,563
OPERATING EXPENSES		
Claims Expense	20,695,845	16,112,913
Dividends Expense	4,167,542	0
General & Administrative	7,337,296	4,113,838
Total Operating Expenses	32,200,683	20,226,751
OPERATING INCOME	3,654,888	2,529,812
NON-OPERATING REVENUES		
Investment Income	11,344,095	3,075,077
CHANGE IN NET POSITION	14,998,983	5,604,889
ADDITIONAL PAID IN CAPITAL AND COMMON STOCK	0	22,249,989
NET POSITION, BEGINNING	27,854,878	0
NET POSITION, ENDING	$42,853,861	$27,854,878

Operating revenues increased by $13.1 million. The biggest cause for this variance was having one year of work comp premium in the revenue vs three months in the prior year. Since work comp policy year runs from July 1 through June 30, this was expected.

Total operating expenses moved upwards $12 million. Given that CWIF was responsible for liability policy year 2019-20 in the prior year, and then liability policy year 2020-21 as well as work comp policy year 2020-21 were added in the current year, this was to be anticipated. Accordingly, claims expense and general and administrative expenses accounted for $4.5 million and $3.2 million of the rise, respectively. Dividends expense of $4.1 million was completely new in fiscal year 2021. This was the result of a dividend policy approved by the CWIF Board in September of 2021. The dividend expense was the result of an accumulation of realized investment income from inception.

Investment income skyrocketed $8.3 million and was largely the result of the unrealized gains from investments. The investment market had a great year with the Dow Jones Industrial Average moving from 27,657 on September 25, 2020, to 34,798 on September 24, 2021.

The JPIA contributed $22.2 million to fund CWIF in the previous year. There were no additional paid in capital and common stock during fiscal year 2021.

FINANCIAL HIGHLIGHTS

CWIF took on more risk by agreeing with the JPIA to cover the first $5 million per occurrence and from $10 million in excess of $10 million per occurrence for policy year October 1, 2020, thru September 30, 2021, in the Liability Program. The agreement called for a maximum aggregate limit of $17.87 million plus $1.39 million for the $10 million in excess of $10 million layer.

Renewing the previous policy year, starting July 1, 2021, CWIF agreed with the JPIA to assume the risk of each occurrence up to $2 million in the Workers' Comp Program for policy year July 1, 2021, thru June 30, 2022. This agreement calls for an aggregate limit of $8.9 million.

INVESTMENTS

The CWIF portfolio is made up of blended equity mutual funds (domestic and international) and fixed income mutual funds. Accordingly, most of the investment income is derived from increases in investment fair value.

For the year ended September 30, 2021, CWIF total investment income was $11.3 million. The return on the portfolio was approximately 7.91%, outperforming the blended benchmark of 6.97%.

While the long-term expected rate of return outlined by the CWIF investment policy is 7%, a return of 7.91% surpassed expectations. With the COVID 19 pandemic creating so much uncertainty in the market and businesses globally, it was a positive sign that CWIF still managed to achieve the rate of return targeted in the investment policy.

Preceding is a graph depicting the Dow Jones Industrial Average the past year. Here it can be seen the deep dive in March 2020 that the market endured. CWIF was able to weather this storm largely due to having little need for liquidity.

The portfolio is managed by PFM Asset Management LLC. The CWIF investment policy is formulated with idea of diversifying assets to minimize the impact of large losses from investments. CWIF's investment objectives are based on a long-term investment horizon of twenty years or longer. Interim fluctuations should be viewed with appropriate perspective. The long-term investment horizon contemplates risks and duration of investment losses, which are carefully weighed against the long-term potential for appreciation of assets. The book value of the portfolio on September 30, 2021, was $66.4 million vs $76.4 million market value.

FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULT OF OPERATIONS

CWIF is consistently preparing and planning for the future success of its programs. There are always moving parts in motion that could have a financial impact, some as early as the next fiscal year (2021-2022). The following items play a role in CWIF's ongoing commitment to excellence. Here are a couple of the highlights:

- Beginning October 1, 2021, CWIF added the Liability Program policy year October 1 thru September 30, 2022. Under this policy, CWIF continues to assume the risk for losses up to $5 million per occurrence and losses from occurrences ranging from $10 million to $20 million as was done in the previous policy year.

CONCLUSION

This financial report is designed to provide a general overview of the CWIF's financial position. For further information, please visit the JPIA's website at www.acwajpia.com, which provides access to the most current approved and independently audited financial reports. Questions concerning any of the information presented can be sent to the following address:

ACWA JPIA
Attn: Finance Department
2100 Professional Drive
Roseville, CA 95661-3700

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	2021	Memo Only 2020
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	$ 566,989	$ 407,837
Premiums receivable	24,834,322	13,397,926
TOTAL CURRENT ASSETS	25,401,311	13,805,763
NONCURRENT ASSETS		
Investments	76,389,018	44,317,230
TOTAL ASSETS	101,790,329	58,122,993
LIABILITIES:		
CURRENT LIABILITIES		
Administrative fees payable to JPIA	10,808,146	3,470,850
Claim reimbursements payable	8,066,009	3,496,093
Dividends payable	4,167,542	0
Unearned premiums	10,033,451	10,069,688
Claims reserves	8,148,049	2,283,527
TOTAL CURRENT LIABILITIES	41,223,197	19,320,158
NONCURRENT LIABILITIES		
Claims reserves	2,215,788	3,032,856
Claims incurred but not reported	15,497,483	7,915,101
TOTAL NONCURRENT LIABILITIES	17,713,271	10,947,957
TOTAL LIABILITIES	58,936,468	30,268,115
NET POSITION:		
Capital stock	250,000	250,000
Unrestricted	42,603,861	27,604,878
TOTAL NET POSITION	$ 42,853,861	$ 27,854,878

See accompanying notes to financial statements.

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
OPERATING REVENUES		
Premiums	$ 35,855,571	$ 22,756,563
OPERATING EXPENSES		
Claims expense:		
Claims paid	8,066,009	2,881,429
Change in claims reserves	4,114,840	5,316,383
Change in claims incurred but not reported	8,514,996	7,915,101
Claims expense subtotal	20,695,845	16,112,913
Dividends expense	4,167,542	0
General and administrative	7,337,296	4,113,838
TOTAL OPERATING EXPENSES	32,200,683	20,226,751
OPERATING INCOME	3,654,888	2,529,812
NONOPERATING REVENUES		
Investment income	4,167,542	259,746
Net increase in investment fair value	7,176,553	2,815,331
TOTAL NONOPERATING REVENUES	11,344,095	3,075,077
CHANGE IN NET POSITION	14,998,983	5,604,889
NET POSITION, BEGINNING	27,854,878	0
Capital stock	0	250,000
Additional paid in capital	0	21,999,989
NET POSITION, END OF YEAR	$ 42,853,861	$ 27,854,878

See accompanying notes to financial statements.

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for premiums	$ 24,411,262	$ 19,400,000
Payments for claims	(2,881,429)	0
Payments for administrative fees	(642,988)	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,886,845	19,400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Paid in capital from JPIA	0	22,249,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(40,362,735)	(58,239,137)
Proceeds from sales of investments	18,359,245	16,544,367
Investment earnings	1,428,536	508,651
Investment expenses	(152,739)	(56,033)
NET CASH USED BY INVESTING ACTIVITIES	(20,727,693)	(41,242,152)
Increase in cash and cash equivalents	159,152	407,837
Cash and cash equivalents, beginning	407,837	0
Cash and cash equivalents, end of year	$ 566,989	$ 407,837
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 3,654,888	$ 2,529,812
Adjustments to net cash provided by operating activities:		
Change in member premiums receivable	(11,436,396)	(13,397,927)
Changes in claims reimbursements payable	4,569,916	3,496,093
Changes in admininstrative fees payable	7,337,296	0
Changes in dividends payable	4,167,542	0
Change in unearned member premiums	(36,237)	10,069,688
Change in claims liabilities	12,629,836	16,702,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,886,845	$ 19,400,000
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in unrealized fair value of investments	$ 7,176,553	$ 2,815,331

See accompanying notes to financial statements.

CALIFORNIA WATER INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

(1) Organization

California Water Insurance Fund (CWIF) is a component unit of the Association of California Water Agencies Joint Powers Insurance Authority (the JPIA). As part of the JPIA, the assets, liabilities, revenues, expenses, and changes in net position of CWIF are included in the consolidated financial statements of the JPIA. CWIF is a not-for-profit corporation formed on September 11, 2019, under the State of Utah rules for nonprofit entities and is governed by its Board of Directors and regulated by the Utah Insurance Department.

The JPIA is the sole member of the CWIF. CWIF provides coverages under the Liability and Workers' Compensation Programs of the JPIA at various layers. All coverages are provided on an occurrence basis and feature aggregate loss limits.

Insurance Coverage and Deductibles – CWIF provides the following major insurance coverage for the JPIA:

a) **Liability Program** – The Liability Program was established to account for the payment of liability claims and administrative costs of the JPIA. Funding is based upon rates established by CWIF's Board. CWIF contracts with the JPIA to administer claims.

CWIF provides the following insurance coverage and self-insured retention (SIR): The SIRs for this program by policy year are as follows:

Year	SIR Amount
10/1/19 – 9/30/20	$ 5,000,000
10/1/20 – 9/30/21	$ 5,000,000
10/1/20 – 9/30/21	$ 10,000,000 – 20,000,000

Claims outside of the SIR level are the responsibility of the JPIA.

b) **Workers' Compensation Program** – The Workers' Compensation Program was established to account for the payment of workers' compensation claims and administrative costs of the JPIA. Funding is based upon rates established by CWIF's Board. CWIF contracts with JPIA to administer claims**.**

CWIF provides the following insurance coverage and SIR: The SIRs for this program by policy year are as follows:

Year	SIR Amount
7/1/20 – 6/30/21	$2,000,000
7/1/21 – 6/30/22	$2,000,000

Claims exceeding the SIR amount are the responsibility of the JPIA.

(2) Significant Accounting Policies

Basis of Presentation – The accounts of CWIF are organized on the basis of governmental fund accounting. CWIF operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges.

The financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including all applicable statements of the Governmental Accounting Standards Board (GASB). GASB helps establish and improve standards of governmental accounting and financial reporting, resulting in useful and accurate information for users of financial reports designed to educate the public and all users of those financial reports. CWIF follows the accounting standard hierarchy established by the GASB for a special purpose entity engaged solely in business-types activities. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents – CWIF considers cash in the bank and money market accounts to be cash and cash equivalents.

Investments are recorded (Note 4) at fair value. Investment income is recorded as earned.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned and is considered 100% collectible.

Classification of Revenues – CWIF has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statements 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, and administration fees.
- Non-operating revenues: non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

Unearned Premiums – CWIF bills in advance for its programs. The amount billed represents unearned premium revenue until earned. Any premiums collected before the respective program years are temporarily stored in the Unearned Premium general ledger accounts until the appropriate period, at which time premiums are then recognized as earned and allocated to the specific revenue accounts.

Expenses – Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for incurred but not reported (IBNR) claims.

Contributions for Retained Risk – CWIF currently retains all risk. Contributions for retained risk are collected from the JPIA to fund the insurance exposures and share in the cost of claims. Contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided.

Claims Liabilities – The reserves for losses and loss adjustment expenses include case basis estimates of reported losses, plus supplemental amounts related to IBNR losses. The reserves are based upon management's best estimate, claim adjusters, valuations, and actuarial determinations, and are discounted to present value using a 2% discount rate for Liability policy years. For Workers Compensation policy years 9% and 8% discount rates were used respectively, for policy years 7/1/20 – 6/30/21 and 7/1/21 – 6/30/22.

Future adjustments to these amounts resulting from the continuous review process, as well as differences between estimates and ultimate losses, will be reflected in the statement of revenues, expenses, and changes in net position when such adjustments become known. Given the complexity of the reserve process, the ultimate liability may be significantly more or less than such estimates indicate.

Services donated by many officers and directors are important to the activities of CWIF. The financial statements do not recognize the value of these donated services since there is no basis for measuring and valuing these services.

Income Taxes – CWIF is organized and operated substantially to provide insurance and reinsurance solely for its member, the JPIA. The JPIA is a California Joint Powers Authority and is considered a government entity under Section 115(1) of the Internal Revenue Code of 1986, as amended (or corresponding provision of any future United States internal revenue law) (the “Code”). CWIF provides an essential governmental function within the meaning of section 115(1) of the Code. Furthermore, CWIF is formed exclusively for the purposes for which a corporation may be formed under the Utah Revised Nonprofit Corporation Act, and not for pecuniary profit or financial gain. The net earnings of CWIF may only accrue to the JPIA or, if said organization ceased to exist or to qualify as an entity which may exclude its income from gross income under section 115 of the Code, to one or more state or local governments, political subdivision thereof, or entities which may exclude its income from gross income under section 115 of the Code. CWIF itself is intended to qualify as such an entity and is therefore not subject to Federal or State income taxes.

Management Estimates – The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes these estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made, and actual amounts could differ from those estimates. The most significant areas that require management estimates relate to the reserves for losses and loss adjustment expenses.

Administrative Fees – Each contract between JPIA and CWIF includes a dollar amount to cover costs by the JPIA incurred over the first program year to administer CWIF operations. These include, but are not limited to, claim administration, licenses, fees, software expenses, employee salaries and benefits, and all other expenses. These administrative fees are owed back to JPIA after the first year of the policy is complete, therefore they are categorized as current liabilities on the Statement of Net Position. No unallocated loss adjustment expenses are recorded.

Reclassifications – Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation.

(3) Cash and Cash Equivalents

CWIF’s cash and cash equivalents on September 30, 2021, are reported at fair value and consist of the following:

Cash in Bank, General Checking	$	250,000
Money Market		316,989
Totals	**$**	**566,989**

CALIFORNIA WATER INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

Custodial Credit Risk – The carrying amount of CWIF's total cash in banks was $566,989 on September 30, 2021. The bank balance was $566,989 on September 30, 2021, of which $500,000 is insured by the Federal Deposit Insurance Corporation (FDIC). CWIF's investment policy does not address custodial credit risk.

(4) Investments

The investments in the financial statements are governed by CWIF's investment policy.

CWIF's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek CWIF's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between equities and fixed income securities shall be applied to prevent an undue amount of investment risk with any one area. CWIF strives to achieve returns and control risk by meeting certain asset allocation targets set forth in CWIF's investment policy. The classes of investments that most adequately meet the above-mentioned criteria shall be allowed for purchase. They are equities and fixed income investments of U.S. and non-U.S. issuers, and real estate investment trusts. The investment policy also lists out some prohibited transactions such as letter stock and other unregistered securities, direct commodities, derivatives, options, and futures.

Investment Credit Risk - CWIF's investments on September 30, 2021, are summarized in the following table. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

INVESTMENTS	FAIR VALUE	%	CREDIT QUALITY RATING
Mutual Funds – Equity	$53,134,192	69%	None
Mutual Funds – Fixed Income	23,254,826	31%	None
Total Investments	$76,389,018	100%	

Investment Interest Rate Risk – CWIF's investment policy sets objectives based on a long-term investment horizon of twenty years or longer. Interim fluctuations should be viewed with appropriate perspective. The long-term investment horizon contemplates risks and duration of investments losses, which are carefully weighed against the long-term potential for appreciation of assets. Since all CWIF's investments are in mutual funds on September 30, 2021, there are no stated maturities of investments. Therefore, CWIF considers the entire portfolio as noncurrent assets and reports them as so.

The calculation of unrealized gains and losses are shown in the following table:

Fair Value on September 30, 2021	$ 76,389,018
Add: Proceeds of Investments Disposed	15,467,500
Less: Cost of Investments Purchased	(40,362,735)
Less Fair Value on October 1, 2020	(44,317,230)
Change in Fair Value	**$ 7,176,553**

CALIFORNIA WATER INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

Unrealized gains and losses by asset type reported on September 30, 2021, are shown below:

Mutual Fund Class	Beginning Fair Value: October 1, 2020	Purchases	Dispositions	Subtotal	Ending Fair Value: September 30, 2021	Change in Fair Value
Equity	$29,528,758	$27,914,855	$12,040,846	$45,402,767	$53,134,192	$ 7,731,425
Fixed Income	14,788,472	12,447,880	3,426,654	23,809,698	23,254,826	(554,872)
Totals:	$44,317,230	$40,362,735	$15,467,500	$69,212,465	$76,389,018	$ 7,176,553

Realized Gains & Losses – total realized gains recorded for the current year were $2,891,745, compared to total losses of $192,872 incurred during the prior year.

Concentration of Credit Risk – CWIF's investment policy places long-term asset allocation targets stated below:

	Asset Weightings	
Asset Classes	**Range**	**Target**
Growth Assets		
Domestic Equity	22% – 52%	42%
International Equity	3% – 33%	23%
Income Assets		
Fixed Income	25% – 70%	35%

Equity allocation limitations are specific to the surplus funds of CWIF. The investment manager will be responsible for determining the asset allocation within the targets and rebalance, as necessary. The Fixed Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of $250,000 as required by the Utah Insurance Department. The investments in CWIF's portfolio as of September 30, 2021, conform to these guidelines.

Fair Value Measurements - Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and consider the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at the fair value on a recurring basis.

- Level 1 Inputs – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1.

- Level 2 Inputs – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2.

- Level 3 Inputs – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs used in the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Cash and cash equivalents are not measured at fair value and are not subject to the fair value disclosure requirements.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds – Closed-end are classified as Level 1 in the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative sources with reasonable levels of price transparency. They may include (but are not limited to) a variety of security types including international equities, international real estate, large cap equities, mid cap equities, real estate, emerging market equities, negotiable CDs, mortgage pass thru securities, and/or small cap U.S. equities, which are valued using Level 1 inputs. Mutual Funds – Open-ended are classified as Level 2 because they are valued using quoted prices for *similar* assets in active markets, other than quoted prices included within Level 1, or quoted prices for identical or similar assets in markets that are *not* active.

The following schedule classifies CWIF's security assets at fair value based on hierarchy level as of September 30, 2021:

Investments by Fair Value Level	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Mutual Funds – Closed-end	$39,330,382		
Mutual Funds – Open-ended		$37,058,636	

Foreign Currency Risk – Per the investment policy, fixed income investments must be denominated in U.S. dollar, but investment can be made in both U.S. and non-U.S. issuers. The equity portion of the portfolio has exposure to international investments and is exposed to some foreign currency risk; however, all returns are converted back into U.S. dollars.

CALIFORNIA WATER INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

(5) Reserves for Losses and Loss Adjustment Expenses

CWIF established claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The claim liabilities in all programs are established at a level which includes investment income on funds set aside to pay claim, that is, on a discounted basis. Total claim liabilities as of September 30, 2021, of $26,912,101 have been presented at the net present value of $25,861,320.

Annually, the actuary and staff evaluate the discount rate to be used for the actuarial valuation of claim liabilities. This is of particular importance because claim liabilities are paid over a longer period. The rates in each program could vary because of the claims payout pattern. The following represents undiscounted and discounted claims liabilities as of September 30, 2021, by each line coverage.

	Claims Liabilities as of September 30, 2021	
Programs	**Undiscounted**	**Discounted**
Liability Program	$ 19,403,904	$ 19,008,306
Worker's Compensation Program	7,508,197	6,853,014
Totals:	$ 26,912,101	$ 25,861,320

CALIFORNIA WATER INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

The following schedule represents changes in the aggregate liabilities for all programs during the past year ending September 30, 2021:

Discounted Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$	13,231,484
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year		19,900,932
Increase in Provision of Insured Events of Prior Fiscal Years		794,913
Total Incurred Claims and Claim Adjustment Expenses		20,695,845
PAYMENTS:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year		4,221,650
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years		3,844,359
Total Payments		8,066,009
Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year	**$**	**25,861,320**
Components of Claims Liability:		
Provision for Claims (Current)		$8,148,049
Claims Reserves		2,215,788
Claims Incurred but Not Reported		15,497,483
Total Claims Liability		**$25,861,320**

(6) Net Position

Net Position is comprised of several components, including capital stock of $250,000. This was an initial cash deposit paid by the JPIA to fund the new bank account. Unrestricted net position of $42,603,861 includes the retained earnings of $20,603,871 during CWIF's first two years of operations and $21,999,990 paid in capital for a combined total of $42,853,861. The Unrestricted Net Position balances are available for future operations or distribution.

(7) Related Party Transactions

Related party transactions result from premium written, losses and loss adjustment expense, incurred from insurance coverage provided to the JPIA by CWIF. Total premiums written were $35,855,571.

Various payments were made by the JPIA on behalf of CWIF. Claims and services overhead allocation expense and dividends were $32,200,683 for the year ended September 30, 2021, of which $23,041,697 is unpaid as September 30, 2021. Unpaid amounts as of September 30, 2021, are reported as accounts payable, dividends payable and administrative fees payable in the statement of net position.

CWIF received $13,377,935 from the JPIA for revenues in the workers' compensation program for the period July 1, 2021, to June 30, 2022. $10,033,451 was recorded as deferred revenue in the financial statements as of September 30, 2021, and represents the 2nd, 3rd, and 4th quarters remaining of the policy year (October 2021 thru June 2022) to be recognized during fiscal year 2021/22.

Additionally, CWIF recorded a receivable of $1,386,700 to account for the $10 million to $20 million layer of coverage provided to the JPIA for the Liability 2020-2021 policy year.

(8) Service Agreements

CWIF has no employees. The JPIA provides regulatory, accounting, records retention, and other related services. Expenses under this agreement are included in the Statement of Revenues, Expenses and Changes in Net Position and totaled $7,337,296 for the year ended September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA WATER INSURANCE FUND

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2021

	Liability Program	Workers' Compensation Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year	$ 11,025,475	$ 2,206,009	$ 13,231,484
Incurred Claims and Allocated Claim Adjustment Expense:			
Provisions for Insured Events of the Current Fiscal Year	14,630,646	5,270,286	19,900,932
Increase (decrease) in Provision for Incurred Events of Prior Fiscal Years	(311,715)	1,106,628	794,913
Total Incurred Claims and Allocated Claim Adjustment Expenses	14,318,931	6,376,914	20,695,845
Payments			
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	2,909,828	1,311,822	4,221,650
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	3,426,272	418,087	3,844,359
Total Payments	6,336,100	1,729,909	8,066,009
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year	$ 19,008,306	$ 6,853,014	$ 25,861,320
Components:			
Provision for Claims (Current)	$ 5,150,792	$ 2,997,257	$ 8,148,049
Claims Reserves	2,215,788	0	2,215,788
Claims Incurred But Not Reported	11,641,726	3,855,757	15,497,483
Total Claims Liability	$ 19,008,306	$ 6,853,014	$ 25,861,320

CALIFORNIA WATER INSURANCE FUND

*TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

LIABILITY PROGRAM

	2019/20	2020/21
1. Required contribution and investment revenue:		
Earned	$ 24,746,423	$ 27,974,385
Ceded	0	0
Net earned	24,746,423	27,974,385
2. Unallocated expenses	3,100,000	3,181,600
3. Estimated claims and expenses end of policy year:		
Incurred	16,323,326	14,630,646
Ceded	0	0
Net incurred	16,323,326	14,630,646
4. Net paid (cumulative) as of:		
End of policy year	2,812,515	2,909,828
One year later	6,238,788	
5. Reestimated claims and expenses:	0	0
6. Reestimated net incurred claims and expenses:		
End of policy year	16,323,326	14,630,646
One year later	13,526,276	
7. Decrease in estimated incurred claims and expense from end of policy year:	$ (2,797,050)	$ 0

**Policy year 2019-20 is the first year of coverage, therefore only two years are displayed.*

CALIFORNIA WATER INSURANCE FUND

*TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

WORKERS COMPENSATION PROGRAM

	2020/21
1. Required contribution and investment revenue:	
Earned	$ 16,974,201
Ceded	0
Net earned	16,974,201
2. Unallocated expenses	4,055,350
3. Estimated claims and expenses end of policy year:	
Incurred	6,701,432
Ceded	0
Net incurred	6,701,432
4. Net paid (cumulative) as of:	
End of policy year	1,741,263
5. Reestimated claims and expenses:	0
6. Reestimated net incurred claims and expenses:	
End of policy year	6,701,432
7. Increase in estimated incurred claims and expense from end of policy year:	$ 0

**Policy year 2020-21 is the first full year of coverage, therefore only one year is displayed.*

CALIFORNIA WATER INSURANCE FUND

Notes to Required Supplementary Information
For The Year Ended September 30, 2021

(1) Reconciliation of Claims Liabilities by Type of Contract

These schedules represent the changes in claims liabilities in the past year for the Liability, and Workers' Compensation Programs.

(2) Claims Development Information

The table illustrates how earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses as of the end of each of the past ten years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated number of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows the annually re-estimated results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

SUPPLEMENTARY INFORMATION

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2021

	LIABILITY	WORKERS' COMP	TOTALS
OPERATING REVENUES			
Premiums	$ 22,441,400	$ 13,414,171	$ 35,855,571
OPERATING EXPENSES			
Claims expense:			
Claims paid	6,336,100	1,729,909	8,066,009
Change in claims reserves	2,309,859	1,804,981	4,114,840
Change in claims incurred but not reported	5,672,972	2,842,024	8,514,996
Total claims expense	14,318,931	6,376,914	20,695,845
Dividends expense	3,129,059	1,038,483	4,167,542
General and administrative	3,181,600	4,155,696	7,337,296
TOTAL OPERATING EXPENSES	20,629,590	11,571,093	32,200,683
OPERATING INCOME	1,811,810	1,843,078	3,654,888
NONOPERATING REVENUES			
Investment income	3,129,059	1,038,483	4,167,542
Net increase in investment fair value	4,686,739	2,489,814	7,176,553
TOTAL NONOPERATING REVENUES	7,815,798	3,528,297	11,344,095
CHANGE IN NET POSITION	$ 9,627,608	$ 5,371,375	$ 14,998,983

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
California Water Insurance Fund
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the California Water Insurance Fund (CWIF), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise CWIF's basic financial statements and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CWIF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CWIF's internal control. Accordingly, we do not express an opinion on the effectiveness of CWIF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

2880 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Phone 916.646.6464 • Fax 916.929.6836 • GilbertCPA.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CWIF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2021-001.

CWIF's Response to Finding

CWIF's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. CWIF's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

January 31, 2022

FINDINGS AND RECOMMENDATIONS

CALIFORNIA WATER INSURANCE FUND

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2021

COMPLIANCE FINDINGS

2021-001. BOARD MEETINGS

Condition:

CWIF's board did not meet at least once a year in Utah.

Criteria:

According to Utah Code U.C.A. 31A-37-201-(2)(b), Captives are required to hold a Board of Directors meeting at least once a year in Utah.

Cause:

Due to the shelter-in-place and travel restrictions in connection with the COVID-19 pandemic, it was not possible to hold an in-person Board meeting in Utah.

Effect:

CWIF is non-compliant with Utah Code U.C.A. 31A-37-201-(2)(b).

Recommendation:

We recommend that CWIF attempt to schedule the required meeting as early in the fiscal year as possible to avoid unforeseen difficulties that would prevent holding a meeting in Utah each year.

Corrective Action Plan:

Circumstances beyond our control impacted the ability to hold the 2020-21 Board of Directors meeting in person. The Utah Insurance Department, while unable to formally waive the in-person requirement, assured us there would be no penalty or negative finding. Going forward, we will evaluate the best timing for 2021-22 and consider whether to schedule earlier in the year after that to avoid similar issues.

CALIFORNIA WATER INSURANCE FUND

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2021

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

COMPLIANCE FINDINGS

Recommendation	Current Status	Explanation If Not Implemented
2020-001. BOARD MEETINGS We recommend that CWIF attempt to schedule the required meeting as early in the fiscal year as possible to avoid unforeseen difficulties that would prevent holding a meeting in Utah each year.	See repeat finding 2021-001	Circumstances beyond our control impacted the ability to hold the 2020-21 Board of Directors meeting in person.
2020-002. CONFLICT OF INTEREST STATEMENTS We recommend that CWIF file with its Board of Directors conflict of interest statements for each officer, director, and key employee annually	Implemented	N/A

CWIF
Program Status
May 2, 2022

BACKGROUND
At the November 26, 2018 meeting, the Board of Directors approved a resolution to proceed with forming a Captive Insurance Company. The Captive is a private company wholly owned by the JPIA, domiciled in the state of Utah. In addition to Paid in Equity, the JPIA also cedes losses at the primary level for the Liability and Workers' Compensation Programs.

CURRENT SITUATION

Paid in Equity	$96.9 million
Prepaid Claims and Expenses	$53.9 million
Realized Investment Income	$7.3 million
Book Value 3/31/2022	$158.1 million
Market Value 3/31/2022	$162.2 million
Unrealized Gain	**$4.1 million**
Rate of Return since inception (as of December 2021)	**15.96%**

As of March 31, 2022, the book value of the CWIF portfolio was $158,182,529 vs. a market value of $162,239,020. The rate of return since inception is approximately 15.96% vs. a rate of return on the JPIA portfolio of approximately 1.79%.

RECOMMENDATION
None, informational only.

Prepared by: Walter "Andy" Sells, CEO

Date prepared: April 18, 2022

CALIFORNIA WATER INSURANCE FUND

FLOW OF CASH BY PROGRAM
CUMULATIVE FROM INCEPTION THROUGH MARCH 31, 2022

ALL PROGRAMS

	LIABILITY	WORKERS' COMP	EMPLOYEE BENEFITS	Total
REVENUE				
Deposit Premiums Earned (SIR)	$ 60,877,000	$ 16,770,734	$ 0	$ 77,647,734
Deposit Premiums Earned (10x10)	2,807,846	0	0	2,807,846
Net Investment & Other Income	5,445,803	1,580,172	317,098	7,343,073
Total Revenue	69,130,649	18,350,906	317,098	87,798,653
EXPENSES				
Paid Claims	9,148,616	1,798,823	0	10,947,438
Admin fees paid to JPIA	6,281,600	5,169,533	0	11,451,133
Dividends paid to JPIA	3,129,059	1,038,483	0	4,167,542
Total Expenses	18,559,275	8,006,840	0	26,566,114
Paid in capital	22,249,990	14,700,000	60,000,000	96,949,990
Book balance	$ 72,821,364	$ 25,044,067	$ 60,317,098	$ 158,182,529

CWIF
Plan Annual Board of Directors Meeting
May 2, 2022

BACKGROUND
The California Water Insurance Fund (CWIF) is required by Utah's Department of Insurance to hold at least one in-person meeting per fiscal year in the State of Utah. Due to the pandemic, this requirement was waived in 2020 and 2021.

CURRENT SITUATION
The next CWIF Annual Board meeting will need to be scheduled before September 30, 2022. To assess their availability, a Doodle poll was sent out to the members of the CWIF Board with several recommended meeting dates for July 2022. The result of the Doodle poll will be reported at the meeting.

RECOMMENDATION
None, informational only.

Prepared by: Chimene Camacho, Executive Assistant to the CEO Date Prepared: April 11, 2022

Executive Committee Meeting

YOUR BEST PROTECTION

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814

Monday
May 2, 2022
10:15 a.m.

President: E.G. “Jerry” Gladbach, Santa Clarita Valley Water Agency

Vice-President: Melody A. McDonald, San Bernardino Valley Water Conservation District

Fred R. Bockmiller, Jr., Mesa Water District

David A. Drake, Rincon del Diablo Municipal Water District

Cathy Green, Orange County Water District, ACWA VP

Brent Hastey, Yuba Water Agency

Randall J. Reed, Cucamonga Valley Water District

J. Bruce Rupp, Humboldt Bay Municipal Water District

Executive Committee Core Values

Trust | Integrity | Listen | Good of the Whole

EXECUTIVE COMMITTEE MEETING

AGENDA

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814
(916) 447-1700

Monday – May 2, 2022 – 10:15 AM

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

PLEDGE OF ALLEGIANCE

EVACUATION PROCEDURES

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT Members of the public will be allowed to address the Executive Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter		Page#
	I. CONSENT AGENDA	
Gladbach	* A. Approve the minutes of March 30, 2022 meeting.	**54**
Gladbach	B. Approve the JPIA disbursements of: • Vendor Payments, Employee Benefits Claim Payments, Payroll, and summary of confidential claims payments for the Liability, Property, & Workers Compensation Programs: March 16-31, 2022; April 1-15, 2022; and April 16-30, 2022.	

Preliminary Agenda-date issued: April 6, 2022
Final Agenda-date issued: April 11, 2022

Presenter			Page#
Gladbach		C. Approve an excused absence for any Executive Committee member.	
		II. ADMINISTRATION	
Gladbach		A. Report on meetings attended on behalf of the JPIA.	
Sells	*	B. Review of RSF Refunds.	**61**
deBernardi	*	C. CAJPA Accreditation Award.	**62**
		III. CALIFORNIA WATER INSURANCE FUND	
Gladbach	*	A. Review of the California Water Insurance Fund (CWIF) meeting of May 2, 2022.	**104**
		IV. PERSONNEL COMMITTEE	
Gladbach	*	A. Review and possibly take action on Personnel Committee recommendations from their meeting of April 18, 2022.	**105**
		V. MEMBERSHIP	
		A. Review and take action on membership applications.	**114**

Presenter		Agency	TIVs/Payroll	Program
Beatty	*	Rainbow Municipal Water District	$5,916,898	Liability
			$27,420,445	Property
			$5,916,898	Workers' Comp.

Presenter			Page#
		VI. MISCELLANEOUS	
Gladbach		A. Discuss future agenda items.	
Sells	*	B. CEO update.	**116**
Sells	*	C. Insurance market update.	**117**
Gladbach	*	D. Review the availability of the Committee members for upcoming meeting on June 21, 2022.	**118**

ADJOURN

*Related items enclosed.

Preliminary Agenda-date issued: April 6, 2022
Final Agenda-date issued: April 11, 2022

Americans with Disabilities Act – *The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Chimene Camacho, Executive Assistant to the CEO, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

Written materials relating to an item on this Agenda that are distributed to the JPIA's Executive Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.

Preliminary Agenda-date issued: April 6, 2022
Final Agenda-date issued: April 11, 2022

Unapproved Minutes

Executive Committee Meeting

ACWA JPIA
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

March 30, 2022

This meeting consisted of a simultaneous Zoom teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Bockmiller – 1965 Placentia Avenue, Costa Mesa
- Drake – 325 Rock Ridge Place, Escondido
- Gladbach - 27491 Hillcrest Place, Valencia
- Green – 6151 Kimberly Drive, Huntington Beach
- Hastey – 3000 Plumas Arboga Road, Plumas Lake
- Reed - 6171 Columbus Court, Alta Loma
- Rupp - 828 7th Street, Eureka

MEMBERS PRESENT

Chairman: E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Vice-chair: Melody A. McDonald, San Bernardino Valley Water Conservation District
Fred R. Bockmiller, Mesa Water District
David Drake, Rincon del Diablo Municipal Water District
Cathy Green, ACWA VP, Orange County Water District
Brent Hastey, Yuba Water Agency
Randall Reed, Cucamonga Valley Water District
J. Bruce Rupp, Humboldt Bay Municipal Water District

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Laura Baryak, Administrative Assistant II
Adrienne Beatty, Assistant Executive Officer
Chimene Camacho, Executive Assistant to the CEO *(Recording Secretary)*
Sarah Crawford, Training Manager
Cassie Crittenden, Human Resource Specialist
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Pete Korfhage, IT Solutions Developer
Debbie Kyburz, Lead Member Service Representative
Jennifer Nogosek, Liability and Property Claims Manager

Jackie Rech, Employee Benefits Specialist
Jillian Sciancalepore, Administrative Assistant II
Monica Sisco, Sr. Work Compensation Examiner
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Shelley Tippit, Accountant II
Tandra Vaughan, Lead Sr. Workers' Compensation Examiner
Chuck Wagenseller, Cost Estimator/Risk Control Advisor
Nidia Watkins, Member Services Representative II

OTHERS IN ATTENDANCE

Dave Eggerton, ACWA Executive Director
Ed Horton, Placer County Water Agency

WELCOME

Chairman Gladbach welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Gladbach called the meeting to order at 1:01 p.m. He announced there was a quorum.

PLEDGE OF ALLEGIANCE

Chairman Gladbach led the Pledge of Allegiance.

ANNOUNCEMENT RECORDING OF MEETING

Chairman Gladbach announced that the meeting would be recorded to assist in preparation of minutes. Recordings are kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Gladbach noted that, as the agenda stated, members of the public would be allowed to address the Executive Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Gladbach introduced the Executive Committee members. Mr. Sells introduced staff members and guests.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Gladbach asked for any additions to, or deletions from, the agenda. Mr. Sells requested that Closed Session Item #1 Abraham, et al. v. Rancho California Water District be deleted from the agenda.

CONSENT AGENDA

Chairman Gladbach called for approval of the Consent Agenda:

> M/S/C (Drake/Hastey) (Bockmiller-Yes; Drake-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes; Gladbach-Yes): That the Executive Committee approve the minutes of the January 31, 2022 meeting; and approve the JPIA disbursements of: Vendor Payments, Employee Benefits Claim Payments, Payroll, and summary of confidential claims payments for the Liability, Property, & Workers' Compensation Programs: January 16-31, 2022; February 1-15, 2022; February 16-28, 2022; and March 1-15, 2022.

ADMINISTRATION

Meetings Attended on Behalf of the JPIA
Committee members reported on attending Board meetings on behalf of the JPIA to present the RSF (Rate Stabilization Fund) refund checks. Mr. Reed attended Palmdale Water District's Board meeting and Ms. Green, along with Mr. Sells and Ms. Beatty, attended El Toro Water District's Board meeting. Ms. McDonald attended virtual Board meetings at Sweetwater Authority and South Coast Water District. She also reported attending the ACWA Board dinner and meeting last week.

Review of Strategic Planning Session to be held June 15-17, 2022
Mr. Sells stated that the Strategic Planning Session has been re-scheduled to June 15-17, 2022 to be held in Costa Mesa. He noted that the agenda would be created in collaboration wsith Chairman Gladbach and Vice-chair McDonald and stated that the final agenda will be shared via email.

Report on Qualified Candidates for the Upcoming Executive Committee Special Election
Mr. Sells stated that the Executive Committee Special Election during the Board of Directors' meeting scheduled for May 2, 2022 will fill a vacant position on the Executive Committee for the remainder of the term until May 2025. The deadline to qualify to be on the ballot is April 4, 2022. To date, the JPIA has received qualifying resolutions for one candidate, Pamela Tobin, San Juan Water District.

Report on Qualified Candidates for the Upcoming California Water Insurance Fund Election
Mr. Sells stated that the CWIF election to be held during the JPIA's Board of Directors' meeting on May 2, 2022 will fill two CWIF Board member positions for their complete terms of two years each. The two incumbents are the only candidates running for this election: Andrew Morris, Santa Rosa Regional Resources Authority, and Scott H. Quady, Calleguas Municipal Water District.

Update on Refund Check Presentations
Ms. Camacho reported that all the Board refund check presentations have been confirmed. The Committee members have all received confirmation emails. Presentation checks will be mailed directly to the districts.

PROGRAMS

Significant Claims Report

Ms. Nogosek reported on claims settlements that had been previously presented for authority. The following cases have been settled since this Committee's last meeting.

- **Conger, et al vs Montecito Water District (8/3/2020)**
  This claim involved a broken 10-inch cast-iron pipe break where water bubbled under the roadway and found its way to the sanitary district which resulted in sewage overflowing into three multi-million dollar homes. The claims for emergency services, repairs, additional living expenses, moving, storage and contents have been resolved for a total of $1,733,103.51.

- **City of Chula Vista vs Otay Water District (10/6/2020)**
  This claim involved a broken 20-inch PVC line which caused damage to 17,640 square feet of asphalt, gutters, curbs and sidewalks. This claim was resolved for a total of $204,941.94.

- **City of Chula Vista vs Otay Water District (1/3/2021)**
  This claim involved a broken 16-inch PVC line which caused extensive damage to 27,550 square feet of roadway. This claim was resolved for a total of $502,048.83.

- **City of Chula Vista vs Otay Water District (4/5/2021)**
  This claim involved a broken 20-inch PVC line which caused damage to 3,495 square feet of asphalt, gutters, curbs and sidewalks. This claim was resolved for a total of $142,649.28.

Review And Take Action on the San Bernardino Valley Municipal Water District's Hydroelectric Operation

Ms. Kyburz presented that the San Bernardino Valley Municipal Water District has completed construction on a new 1.03 MW hydroelectric facility: Waterman Hydroelectric Project with operations scheduled to commence in April 2022. District staff will operate the facility and power will be sold to Southern California Edison Company. Staff visited the facility and reported that all safety protocols are in place. The facility will be added to the District's property schedule, for a total insurable value of $2,875,000. As per the JPIA's Policy requiring Executive Committee approval of new operations engaged in after the inception of the coverage period that represent an increased exposure to the Liability Program, the addition of the Waterman Hydroelectric Project to the Liability Program is being presented to the Executive Committee for coverage consideration.

> M/S/C (Reed/McDonald) (Bockmiller-Yes; Drake-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes; Gladbach-Yes): That the Executive Committee approve liability coverage for the hydroelectric power operations of San Bernardino Valley Municipal Water District.

FINANCE AND AUDIT COMMITTEE

Chairman McDonald presented the recommendations of the Finance and Audit Committee from its meeting on March 30, 2022.

> M/S/C (McDonald/Rupp) (Bockmiller-Yes; Drake-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes; Gladbach-Yes): That the Executive Committee accept the recommendation of the Finance and Audit Committee to approve the Annual Comprehensive Financial Report for year ended September 30, 2021, as presented.

> M/S/C (McDonald/Hastey) (Bockmiller-Yes; Drake-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes; Gladbach-Yes): That the Executive Committee accept the recommendation of the Finance and Audit Committee to approve the proposed Operating Budget for Fiscal Year 2022-23, as presented, and to round up numbers for presentation at the JPIA Board of Directors meetings.

MEMBERSHIP

Ms. Watkins presented the Tri-District Water Authority's application for admission into the Liability, Workers' Compensation, and Employee Benefits Programs. Tri-District Water Authority (Authority) was formed on February 1, 2022, under a Joint Powers Agreement between Exeter Irrigation District (EID), Ivanhoe Irrigation District (IID), and Stone Corral Irrigation District (SCID). IID has been a member of the JPIA since 2003, participating in the Liability, Property, and Employee Benefits Programs. Both EID and SCID currently participate in the Employee Benefits Program. The three Districts are under contract for a water supply with the U.S. Bureau of Reclamation as part of the Friant Division of the Central Valley Project (CVP). The three Boards share similar values and have a history of working cooperatively. The Authority has vicarious liability risk while acting on behalf of the Districts, therefore, the three Districts have agreed to amend the JPA Agreement adding indemnification in favor of the Authority and providing certificates and endorsements adding the Authority as Additional Insured on their respective general liability policies. The JPIA coverage provided to the Authority will have a sublimit, no higher than the total existing amount of coverage each District's insurance carrier provides for claims that involve the Authority and the respective District. A Risk Assessment conducted by the JPIA's Risk Management Department concluded with a favorable opinion about staff and operations, and a Service Plan, to be completed within 30-90 days, was established. See packet for details.

> M/S/C (Hastey/Rupp) (Bockmiller-Yes; Drake-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes; Gladbach-Yes): That the Executive Committee approve Tri-District Water Authority's application for admission into the Liability, Workers' Compensation, and Employee Benefits Programs, subject to the satisfactory completion of the Risk Management Service Plan.

MISCELLANEOUS

Future agenda items
None.

CEO and Managers Update
Mr. Sells reported on the challenges encountered obtaining blanket coverage for the Cyber Program. Due to the hard market, the Property Program renewal has also predictably presented many challenges. At this time, options are being explored for both programs.

Ms. Beatty reported on the new Pooling Academy (Academy) created jointly by AGRIP, CAJPA and the National League of Cities. The Academy is an online training resource for public entity pooling professionals, which will be a valuable training program not just for staff, but also for the Executive Committee. Since the JPIA is a member of AGRIP and CAJPA, group discounts are available and will depend on how many individuals are enrolled. The plan is to have a monthly roundtable for each session making this a yearlong training process for participants.

Mr. Eggerton, ACWA Executive Director, provided an update on ACWA's current events and initiatives including the creation of a foundation of inclusion and diversity in the water industry.

JPIA's Managers reported on relevant current events in each of their departments.

General Counsel Update
Mr. Greenfield reported on proposed new legislation including changes to the Brown Act.

Availability for next meeting: The Executive Committee is scheduled to meet next at Spring Conference in Sacramento on May 2, 2022.

CLOSED SESSION

Before proceeding into closed session, General Counsel announced the items to be discussed.

> M/S/C (McDonald/Drake) (Bockmiller-Yes; Drake-Yes; Gladbach-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes): That the Executive Committee adjourn to closed session.

At approximately 2:28 p.m., the Executive Committee, upon advice of General Counsel, adjourned to closed session:

A. Conference with Legal Counsel (tort liability losses, public liability losses/claims, or workers' compensation liability claims) – Pursuant to Government Code Sec. 54956.95.

1. Lojacono v. Moulton Niguel WD (DOL 11/15/2017)
2. City of Chula Vista v. Otay WD (DOL 7/25/2021)
3. William Enos v. Palmdale WD (DOL 3/23/2015)
4. Soria v. Tulare ID (DOL 10/19/2011; 3/14/2018; & CT 3/14/2017-3/14/2018)

M/S/C (Rupp/McDonald) (Bockmiller-Yes; Drake-Yes; Gladbach-Yes; Green-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Rupp-Yes): That the Executive Committee reconvene to open session.

The Committee returned to open session at approximately 2:47 p.m.

- Closed session item 1: No action was taken; direction given to staff
- Closed session item 2: No action was taken; direction given to staff.
- Closed session item 3: No action was taken; direction given to staff.
- Closed session item 4: No action was taken; direction given to staff.

The Executive Committee meeting adjourned at 2:48 p.m.

Attest:

X

E.G. "Jerry" Gladbach
Chairman

X

Walter A. Sells
Secretary

ACWA JPIA
RSF Refunds
May 2, 2022

BACKGROUND
Each year, the JPIA accounts for the revenues and expenses by program policy year in the Liability, Property, and Workers' Compensation Programs. Such financial positions are then determined at the member level and differences are put in the members' Rate Stabilization Fund (RSF). Funds are returned to members when they exceed 70% of the current year's Liability Basic Premium. The JPIA's Liability, Property, and Workers' Compensation Programs are pooled programs and any excess amounts are returned to members.

CURRENT SITUATION
This year, the JPIA refunded $4.265 million to 156 member agencies.

The JPIA's Executive Committee, and key staff, presented refund checks to 30 member agencies during the months of March and April. In addition to the refund presentations at Board meetings, the risk management staff delivered about 10 refund checks.

RECOMMENDATION
None, informational only.

Prepared by: Chimene Camacho, Executive Assistant Date prepared: April 8, 2022

ACWA JPIA
CAJPA Accreditation
May 2, 2022

BACKGROUND
The JPIA went through the California Association of Joint Powers Authorities (CAJPA) accreditation process in 2021 where it was accredited for three years.

CURRENT SITUATION
The current accreditation report should be reviewed and approved by the JPIA's governing board. Following this summary is the final accreditation report provided to the JPIA for the 2021 accreditation.

RECOMMENDATION
That the Executive Committee approve the CAJPA accreditation report from 2021.

Prepared by: David deBernardi, Director of Finance   Date Prepared: April 7, 2022

California Association

of

Joint Powers Authorities

Accreditation Report

Of

Association of California Water Agencies

Joint Powers Insurance Authority

(ACWA)

CONFIDENTIAL
(See Sections B & C)

Prepared by

FINAL

Carol Wells

January 18, 2022

Table of Contents

I. Background

II. Findings and Recommendations

Accreditation Standards Worksheets

I. BACKGROUND
• Description of JPA

Association of California Water Agencies Joint Powers Insurance Authority

Organization and Operations – The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA) was created effective July 5, 1979, by a joint powers agreement among member water districts and agencies organized and operating under the laws of the State of California. The JPIA was organized pursuant to provisions of the California Government Code for the purpose of providing insurance coverage for its member districts**.**

The JPIA currently offers five joint protection programs:
- Public Auto and General Liability
- Workers' Compensation
- Property Insurance
- Underground Storage Tank Liability
- Employee Benefits (Medical, Dental, Vision, Other)

The JPIA also purchases group insurance for dam failure, pass through insurance (including employee fidelity bonding, difference in condition, boiler and machinery stand alone, and crime), and for the period of July 1, 1995, through June 30, 1998, workers' compensation for electing member districts.

Captive – In September 2019, the JPIA Executive Committee approved the formation of a captive insurance company entitled California Water Insurance Fund (CWIF). CWIF incorporated as a nonprofit organization, domiciled in the state of Utah, and satisfies the requirements as a pure captive insurance company under the Captive InsuranceCompanies Act, Chapter 37 of Title 31A of the Utah Code of 1953, as amended.

CWIF's primary function serves as a risk financing tool for the JPIA and its member districts, designed to benefit risk pool members through a modest discount of the actuarial risk JPIA programs are assuming. Ceded risk to the captivedepends on the levels of risk determined by the Executive Committee per program and may differ from program year to program year.

For financial reporting purposes, CWIF is a blended component unit and the schedules presented in this report include combined figures for both the JPIA and CWIF. CWIF prepares its own separate annual financial statements,which can be obtained by submitting a formal request in writing to ACWA JPIA, Attn: Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Total Covered Payroll is $ 650,744,000
Total Insured Values is $7,950,157,000

Total JPIA Members	396	Total in both Programs	211
Total in L,P,WC Programs	343	Total JPIA members in EB	264
Total in L,P,WC Programs; but not in EB	53	Total in EB, but not L,P,WC	79
Total number of GSAs	20		

Mission Statement
The ACWA/Joint Powers Insurance Authority is dedicated to consistently and cost effectively providingthe broadest possible affordable insurance coverage and related services to its member agencies.

Program Summary

The JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels.

Insurance Coverage and Deductibles – The JPIA provides the following major insurancecoverage and deductibles:

a) **Liability Program** – The Liability Program was established to account for the payment of liability claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members. Herbicide drift claims are no longer covered by the self-insurance program.

The JPIA provides the following insurance coverage and self-insured retention (SIR):Member District Retrospective Allocation Point (RAP): $2,500 to $100,000

The SIRs for this program by policy year are as follows:

Years	SIR Amount
10/1/79 - 9/30/86	$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000
10/1/16 - 9/30/19	5,000,000
10/1/19 – 9/30/20*	5,000,000

- *Excess: $1 to a total of $5,000,000 coverage by captive insurance company, California WaterInsurance Fund (CWIF).
- $5,000,000 to a total of $60,000,000 coverage

through various carriers.Policy Year: October 1 through September 30.

b) **Property Program** – The Property Program was established to account for the payment of property claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage, deductibles, and SIR:Member District Deductible: $500 to $50,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 6/30/20*	100,000
7/1/20 - 6/30/21	100,000

- Excess: $100,000 up to a total of $500,000,000 coverage with various sub limits through AlliantProperty Insurance Program (APIP).

*Policy Year: April 1 through June 30 of 2019. Property Program changed policy year format to better align with APIP recommended coverage schedule. Going forward, the Property Program policy year will be July 1 through June 30.

c) Workers' Compensation Program – The Workers' Compensation Program was established to account for the payment of workers' compensation claims and administrative costs. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage and SIR: Member District RAP: $250 to $25,000

The SIRs for this program by policy year are as follows:

Years	SIR Amount
7/1/86 - 6/30/87	$125,000
7/1/87 - 6/30/88	150,000
7/1/88 - 6/30/89	175,000
7/1/89 - 6/30/91	200,000
7/1/91 - 6/30/92	225,000
7/1/92 - 6/30/01*	250,000
7/1/01 - 6/30/02	350,000
7/1/02 - 6/30/03	650,000
7/1/03 - 6/30/20	2,000,000
7/1/20 – 6/30/21**	2,000,000

- *From July 1, 1995, through June 30, 1998, the Workers' Compensation Program functioned as a group purchase program.
- **Excess of $1 to a total of $2,000,000 per occurrence subject to a maximum aggregate limit of $9,370,900 coverage by captive insurance company, California Water Insurance Fund (CWIF).

Policy Year: July 1 through June 30

d) Employee Benefits Program – In January 2012, both ACWA JPIA's Executive Committee and the Health Benefits Authority (HBA) approved the transition of the HBA program into the JPIA. In March 2012, the HBA Board of Directors voted to dissolve the HBA programs. As a result, the JPIA's Employee Benefits Program was established on July 1, 2012, to provide medical, dental and vision coverage for members' employees and dependents. The preferred provider organization plans offered in the medical and dental coverage are self-insured. The vision program also converted to self-insured starting with plan year January 1, 2015. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA utilizes a third party to administer these claims on behalf of participating members**.**

The JPIA carries reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the self-insured retention of $500,000 per beneficiary incurred during the policy period, and paid during the policy period and six-month period immediately following the endof the policy period. The policy year is January 1 through December 31.

e) A new JPIA pass-thru energy program was introduced in 2019-2020.

Service Providers

Service	Organization
Actuary – P/L	Aon; Mujtaba Datoo
Actuary – WC	Aon; Mujtaba Datoo
Financial Auditor	Gilbert and Associates
Investment Advisor	PFM Asset Management LLC
Investment Custodian	US Bank
Program Administrator	Self-administered
Financial Accounting	Self-administered
Insurance Broker	AON (Liability and Workers' Compensation)
Insurance Broker/Consultant	Alliant (Group Health, Property & Crime)
Claims Auditor – P/L	Sedgwick
Claims Auditor – WC	Sedgwick
Claims Administrator – P/L	Self-administered
Claims Administrator – WC	Self-administered

B. Consultant Activities

Data was received from ACWAJPIA on April 30, 2021, with follow up information received through November 29, 2021, for a Draft Presentation of the proposed Accreditation Audit to the CAJPA Accreditation Committee on January 18, 2022.

C. Purpose / Limitations

This study is conducted for the purpose of the CAJPA Accreditation Committee forming an opinion on the general operations of the JPA in accordance with the accreditation best practices standards.

California Association of Joint Powers Authorities (CAJPA) Accreditation Program reviews the organizational structure and activities of a Joint Powers Authority (JPA), comparing the JPA with best practices standards adopted by the Association believed to be advantageous to the preservation and performance of the individual JPA and JPA's in California as a whole. Accreditation consultant work is conducted solely to assist the CAJPA Accreditation Committee to determine the general operations of a JPA compared with CAJPA Accreditation Standards. CAJPA and the CAJPA Accreditation Committee are responsible for all accreditation decisions. The supporting worksheets and exhibits to this report are provided to outline the accreditation work performed herein and are not necessarily suitable for any other purpose.

CAJPA does not guarantee that accreditation by CAJPA ensures the legality of the JPA, its governing document, its contracts, or practices. In addition, by accrediting the JPA CAJPA does not guarantee the JPA's solvency or liquidity at the time of the accreditation or any time before or after such accreditation. Neither does accreditation guarantee that an accredited JPA is administered in such a way that the JPA and its programs are, or will continue to be, financially sound.

This accreditation report cannot be relied upon to disclose errors, irregularities, or noncompliance with laws and regulations, including fraud or defalcations that may exist, or to ensure the sufficiency of programs and coverages, investments, security, or disclosures. Although certain consultants or committee members may be involved in reviewing this report or related documents and processes, they are not rendering professional opinions as the scope of this engagement is limited. We have not independently verified the information provided by the JPA contained in this report and we did not perform any procedures regarding the formation, regulatory compliance, or operations of the JPA or any related entities.

The supporting data, analysis, description, exhibits, and appendices to this report are provided to support the conclusions stated herein and are not necessarily suitable for any other purpose. Furthermore, CAJPA and its accreditation consultants are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

D. Distribution and Use

This report has been prepared solely for the internal use of CAJPA as a guide in determining the applicant's compliance with the CAJPA Accreditation Standards in force at the time of the accreditation review and for the use of the applicant JPA. No parties other than CAJPA acknowledge the sufficiency and appropriateness of the procedures for their purposes; we make no representations regarding the sufficiency or appropriateness of the procedures performed; and we have no responsibility to update this report.

II. FINDINGS AND RECOMMENDATIONS

We find ACWAJPIA (Association of California Water Agencies Joint Insurance Authority) to be in substantial compliance with current Accreditation Standards. The Accreditation Committee confers continuous accreditation effective May 19, 2021, for a period of three years conditional on the following requirements being met. ACWA has six months from the date of Accreditation Committee approval to satisfy these requirements.

A. Full Accreditation Requirements

IV. ACCOUNTING & FINANCE

Requirement #1: Discrepancy - Section A. The Liability Program - Claims reconciliation schedule vs claims development table need to be reconciled and the Liability Program for reconciliation purposes should equal or be agreeable to the loss triangle for the current year.

IX. UNDERWRITNG

Requirement #2: Section 4. ACWA JPIA's underwriting policy was last formally reviewed by the Executive Committee on August 30, 2017, and approved by the Board on October 31, 2017. ACWA JPIA's underwriting policy should be reviewed at a minimum of once every three years.

B. Accreditation with Excellence Requirements

None.

C. Suggestions

Suggestion #1 - Objective X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT
Section D.1 and 2a.-2.d: Because cyber breaches, ransomware attacks, data leakage and other cybercrimes are of a significant concern and exposure to loss for several public agencies in 2021 (and 2022) as well as insurance carriers, it is suggested that more of a priority be given regarding the timeframe to update the ACWA JPIA IT documents for cyber-readiness and breach recoveries.

Suggestion #2

CAJPA has adopted a new standard for Enterprise Risk Management beginning January 1, 2021. This new standard is demonstrative for the first cycle to make this part of the conversation management has with the board; the goal would be to make this demonstrative for a three- year cycle beginning January 1, 2021, then after this section will be for the excellence standard.

To determine that the JPA has an ongoing process to identify major overall risk areas for the JPA and a plan reduce these risks to a relatively low level.

The JPA leadership has identified the relevant; policies, procedures, people, systems, training, and monitoring to address first level risks in each of these three areas. A plan should be developed to

a. Identify the major risks
b. Develop a plan to reduce the risk to a "relatively low level."
c. Implement the plan
d. Monitor and develop plans to address next level risks.

(*Note must have a plan in process. It doesn't have to be fully implemented)* The plan must be in writing and approved by the proper level of governance (Excellence).

We suggest you review this standard and develop and document an enterprise risk management process to meet this new standard.

We look forward to receiving the information documented in the requirements listed above and following through to grant *Accreditation with Excellence* to ACWAJPIA (Association of California Water Agencies Joint Insurance Authority).

Respectfully submitted,
Committee Chair

California Association of Joint Powers Authorities (CAJPA)

ACCREDITATION WORKSHEETS

As of January 1, 2021

Key:

√ = Satisfactory (Meets or Exceeds Standards)
U = Unsatisfactory (Does Not Meet Standards)
? = Unable to Determine
N/A = Not Applicable
S = Suggestion

I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS
Objective

To determine that the governing documents and contracts with major service providers contain all essential provisions.

CRITERIA	STATUS	DISCUSSION
A. The JPA maintains in its records a signed original of the Joint Exercise of Powers Agreement or other acceptable documentation from each member agency. (Mandatory) *Other = signed copy of resolution from member's board, photo copy of signed JPA agreement. If not an original, suggest JPA check with counsel about the use of resolutions.*	√	
B. The agreement shall contain all of the provisions required in the enabling legislation in Section 6500 et. of the Government Code.		Reviewed JPA Agreement dated 11/28/2011 and Bylaws dated 5/6/2019
1. §6503 requires that the purpose or power to be exercised and the method by which the purpose will be accomplished or the manner in which the power is to be exercised is to be stated in the agreement. (Mandatory)	√	JPA Agreement, Article 2, and Article 6.
2. Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA (Suggestion) . *The member has to be named by name.*	√	JPA Agreement, Article 6(b). Walnut Valley Water District as specified in The California Water District Law (California Water Code Sections 34000 *et seq*.).
3. In accordance with provisions of §6505.5 or §6505.6 the agreement must designate a treasurer and an auditor. (Mandatory) *If §6505.5* *a. Treasurer and auditor from same member* *b. Treasurer and auditor from same county (if under 6505.5 the auditor shall be from the same entity as the treasurer but does not have to be specifically named and can be the same person.)* *c. A Certified Public Accountant, who can serve both functions* *If §6505.6: Can be an officer or employee of the JPA for either or both positions. (Does not have to name any one particular person in the agreement. If the agreement refers to duties under 6505.6, this includes auditor/and treasurer, we count this as met.)*	√	JPA Agreement: Article V — Officers And Employees, Section 9 and 10 and Article V – Bylaws, Section 9 and 10. JPA Agreement, Article 18.
4. §6511 requires that the agreement provide for the disposition, division or distribution of any property acquired as the result of the joint exercise of powers. (Mandatory)	√	JPA Agreement, Article 25

CRITERIA	STATUS	DISCUSSION
5. §6512 or Sec. 6512.2 "requires that the agreement provide that any surplus money on hand after the completion of its purpose shall be returned in proportion to the contributions made." Or may, in the alternative, in proportion to contributions made and claims or losses paid. (Mandatory)	√	JPA Agreement, Article 25
C. The following are described in appropriate governing documents (agreement, bylaws, resolutions, master plan documents, memorandums of coverage, memorandums of understanding, adopted board policies or other similar documents):		**DOCUMENTS IN WHICH ITEM CAN BE LOCATED**
1. Eligibility criteria; (Mandatory)	√	JPA Agreement, Article 1, Definitions: h and n
2. Procedure for electing officers; (Mandatory)	√	JPA Agreement, Article 7
3. Terms of office; (Mandatory)	√	JPA Agreement, Article 7 (b)
4. Record retention policy; (Mandatory)	√	FB-4.6 (7/28/2017)
5. Power and duties of Board; (Mandatory)	√	JPA Agreement, Article 8
6. Indemnification for liability; (Mandatory) *The governing documents address that anyone acting in their official capacity (board/committee) is indemnified by the JPA or (not) to eliminate gray area. Employees are already covered under Gov. Code.*	√	Bylaws, Article VI, Section 2. Defense of Agents of the Authority
7. Provisions for dissolution of pool; (Mandatory) *There is a process specified for the members to elect to dissolve the pool.*	√	JPA Agreement, Article 25
8. Provisions for financial audits; (Mandatory)	√	JPA Agreement, 17 (c)
9. Provisions for actuarial studies; (Excellence)	√	Resolution (2014-1)
10. Provisions for claims audits: (Excellence)	√	Resolution (2014-2)
11. Provisions for assessments & distributions; (Mandatory)	√	
12. Provisions for member withdrawal from a program or JPA as a whole. These provisions shall include: • Notice requirements *(recommend board resolution for withdrawal from JPA; resolution to get in, resolution to get out)* • Financial obligations and entitlements, i.e. responsibilities for future assessments or rights for future dividends. (Mandatory)	√	JPA Agreement: Article 22
13. Provisions for termination of JPA members (such as the right to cancel for non-payment of premiums, underwriting problems, or the failure to adequately control risks); (Mandatory)	√	JPA Agreement: Article 23/24
14. Provision for a meeting of the board at least annually; (Mandatory) (T*he board will meet at least annually, not an annual meeting according to Roberts Rules of Order.)*	√	JPA Agreement, Article 9 (a) and Bylaws Article II, Section 3 (a)

15. Provision for the resolution of coverage and claims disputes with its members; (Mandatory)	√	JPA Agreement, Article 15 (a) concerning coverage and Section VIII: Arbitration of Disputes (Section 8.01 and Sections 5.05 and 5.06. Benefits)
16. Provision for the resolution of *non-claim disputes* (Excellence)	√	Article VIII, approved by the BOD on November 29, 2021
17. Provision for obligations of members. (Mandatory) *The governing documents identify obligations of members, e.g.* • *Payment of contributions* • *Representative for board* • *Provide requested data*	√	JPA Agreement, Article 20
D. Governing Documents and Prior Accreditation Report:		
1. The JPA is in substantial compliance with its governing documents. (Mandatory)	√	
2. The JPA Governing Board has reviewed the prior Accreditation Report for findings and recommendations. (Mandatory)	√	
E. The JPA has written contracts with firms or individuals that provide program administration services, insurance brokerage services, claims administration services, or have access to JPA funds. Such contracts shall include: (Mandatory) 1. Scope of services of the contractor; 2. Indemnification and insurance requirements; (*A fidelity bond is required for any contractor that has access to JPA funds. If coverage doesn't cover forgery and alteration then it would not be sufficient coverage; or is employee dishonesty enough. Optional for consultant to add as a recommendation if they believe this is a concern.)* 3. Compensation; 4. Term of Agreement; 5. Contract cancellation provisions; 6. Ownership of records; 7. Duty to disclose conflicts of interest including but not limited to other sources of income; and *(Suggest consultant inquire if there is a process to provide for this disclosure but this is not a standard requirement and may just be a suggestion.)* 8. Language addressing how and by whom fines and penalties are to be paid (applies to workers' compensation third party claims administrators only). *(For investment advisor contract see V-H)*	√	**Refer to Exhibit 4 Below**
F. The JPA has certificates of insurance on file evidencing coverage required in contracts under E., above. (Mandatory) *(Consider writing a suggestion for the pool to have a process to collect and review these if they do not have them on file and must collect them during the study.)*	√	

G. If the JPA offers employee benefit programs to member agencies, a written plan description must be provided to covered employees. (Mandatory)	√	
H. The JPA keeps minutes of all meetings of its governing body and standing committees. (Mandatory) • *Minutes are maintained in conformance with the Brown Act as amended where a record of how each member has voted is maintained as required under G.C. Section 54953(c)(2)*	√	JPA Agreement, Section 9 (b) and on website: https://www.acwajpia.com/approved-minutes/

Exhibit 4

Contracts with Major Service Providers

Name of Contractor	Scope Of Services	Indemnification & Insurance *Fidelity bond if they write checks*	Compensation	Term	Cancellation	Ownership of Records	Disclosure of conflicts of interest and other sources of income	Fines & Penalties W/C only
ACWAJPIA (Self-Administered)	JPA Administration	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AON Risk & Insurance Services West (service term extension for 1 year)	Insurance Brokerage Services: Liability and Workers' Compensation	√	√	√	√	√	√	N/A
ALLIANT Insurance Services, Inc.	Broker / Consultant Services for Benefits & Property & Crime	√	√	√	√	√	√	N/A
Self-Administered	W.C. and Liability Claims Administrator	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anthem Blue Cross Life and Health (Amendment 11 reviewed & Addendum 1/1/2021)	Benefits Claims Administrator	√ Article #4.C. Group indemnifies & holds Anthem harmless	√	√ Article #7 & 17. F&G	√ Article #7 and Article #17, F and G	√ Article #17	√ 17.A. is disclosure proprietary information -and- Pg. 5 Sec 3 Permitted uses and disclosures	N/A
Vision Service Plan (VSP)	Vision Program	√ X. Miscellaneous 10.02/10.03 and 10.10 -and- VOP EOC page 6	√	√ #2.02; #5.08	√	√ Have access to all documents & get regular reports	√	N/A
Delta Dental (received a revised addendum from 2019 for contract renewal information), HBA (Health Benefits Association) #399	Dental Programs: HMO and PPO	√ Page 14 of 20, Reimbursement Provisions	√	√	√	√ Have access to all documents & get regular reports	√	N/A

II. GOVERNMENT RULES

Objective

To determine that the JPA complies with the various reporting requirements and other mandates imposed by the State of California and its regulatory agencies.

CRITERIA	STATUS	DISCUSSION
A. The JPA has filed a notice of its joint exercise of powers agreement and any amendments or membership changes with the Secretary of State identifying (GC 6503.5): (Mandatory) 1. The name of each member; 2. The effective date; 3. The purpose or power to be exercised; and 4. A description of the amendment, if any. *If the name of the JPA changes, counsel may be asked whether a new JPA agreement must be signed.* *Required if you add a new member or delete a member* *Notice must be filed within 30 days of amendment or member changes*	√	7/12/2021
B. The JPA has made the necessary Public Agency Roster filing with the Secretary of State and county clerks in the counties in which the JPA has offices. (G.C. 53051) (Mandatory) *Filing required when board members or location changes.*	√	7/12/2021
C. The JPA has adopted a Conflict of Interest Code, formally reconsiders it prior to October 1st of all even-numbered years, and oversees any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (G.C. 87306.5) (Mandatory) *If the filing office is not perceived to be a governmental facility and accessible to the public, the JPA is required to send originals to the FPPC and retain copies. Review with the FPPC.* *If the Executive Director has provided waivers these waivers should be documented. If the JPA did not document such waivers then this would be a suggestion the first time and a requirement in future accreditations.*	√	5/8/2020 approved
D. If the JPA is subject to Education Code 17566(e) it procures triennial actuarial studies on its employee benefit programs. (Mandatory) *(Provision for community college districts Education Code Section 81602 actuarial study under ERISA)*	N/A	
E. The JPA's governing body approves its annual budget. (G.C. 6508) (Mandatory)	√	JPA Agreement, Article 17 (a), BOD approved July 2020.
F.1 The JPA has filed the "Special Districts Financial Transactions Report" with the State Controller/Division of Local Government Fiscal Affairs Special District Unit. (GC 53891) (Mandatory)	√	2/23/2021

CRITERIA	STATUS	DISCUSSION
F.2 The JPA has filed the annual compensation report with the State Controller's office. (Mandatory) GC 53892 (l)	√	2/24/2021 #12503401000
F.3 If the JPA has a website, the website must contain or link to the annual compensation report for the JPA. (Mandatory) GC 53908	√	https://www.acwajpia.com/transparency/
G. The JPA has filed its Audited Financial Statement with • the State Controller and, • the county auditor of the county where the home office of the JPA is located within 12 months of the end of each fiscal year. (G.C. 6505 (c)) (Mandatory)	√	
H. JPA and/or members have valid certificate(s) of consent to self-insure Workers' Compensation (Labor Code Section 3700) and files any changes in claims administrators (8Cal Code Regs Sec.15402) and the necessary annual reports with the Dept. of Industrial Relations on or before October 1st of each year. (Labor Code 3702.2) (Mandatory) (*This does not apply to excess pools.)*	√	Certificate Number: 5807
I. Meetings and Meeting Notices		
1. The JPA properly posts meeting notices and, (Mandatory) *Board and standing committees. Check for ADA posting requirements. Note, the Attorney General has determined that valid posting means available to view 24/7 (consider posting on outside window). Agendas must be posted to the JPA website.* *Ensure notices are provided for teleconferencing as necessary including proper posting requirements.*	√	Written notice of each annual meeting shall be given to each Member and its Director electronically or by mail or other means of written communi-cation, in the manner provided by the Ralph M. Brown Act, CA Govt Code Section 54950, *et seq*., not later than forty-five (45) days preceding the meeting. Such notice shall specify the place, the date, and the hour of such meeting. Notice shall be given by first-class mailwhen it cannot be given by electronic mail.
2. Conducts its meetings in accordance with the Brown Act. (G.C. 54954.2, G.C. 54953.2 and 42 U.S.C. 12132) (Mandatory)	√	JPA Agreement: Section 3 (a) and (d)
J. JPA's that self-insure medical benefits annually file a copy of their audit with a declaration to the Department of Managed Health Care as required for exemption from Knox-Keene requirements. (Code of Civil Procedures 2015.5) (Mandatory)	√	

III. INSURANCE AND COVERAGES

Objective

To determine that the JPA properly identifies and handles its own exposures to loss, secures any insurance required by its governing documents and/or any other legal requirement, monitors the adequacy of coverages it provides to its members both coverage for the JPA itself and coverage provided to its members and maintains permanent policy files.

CRITERIA	STATUS	DISCUSSION
A. Insurance and Coverages of the JPA administrative coverage		
1. The JPA maintains an official bond as required by state law (G.C. 6505.1 and 6505.5). The JPA requires fidelity coverage for a person or persons that are entrusted with any property of the JPA. (Mandatory) *Pool needs coverage for treasurer, most employee dishonesty policies exclude the Treasurer, have insurance company issue an endorsement deleting this exclusion.* *Suggest that the JPA fix the amount of the bond as a specific amount as described in GC Section 6505.1*	√	ACIP coverage through National Union Fire Insurance Company of PA, an AIG Company. Endorsement #17 provides coverage for Treasurer. 01-424-97-61 (effective 7/1/2021-22)
2. The JPA insures or self-insures for the following exposures as appropriate: (Mandatory) *Review to ensure the JPA is named as a covered party.* *If the JPA is not a covered party and is not buying coverage then ensure that the JPA is making a conscious decision to retain this risk.*		
a. Public Officials Errors & Omissions;	√	FORM NO. MOLC-100120
b. Employee Fidelity; (insurance only, self-insurance not allowed) (*G.C. 6505.1)*		
c. Commercial General Liability;	√	FORM NO. MOLC-100120
d. Workers Compensation;	√	
e. Fiduciary Liability; *Required for self-funded health and welfare plans* *(May review public officials Errors and Omissions coverage, look at exclusions (if it only excludes ERISA then that doesn't exclude government entities) A standard commercial general liability policy doesn't extend to fiduciary coverage.)*		
f. Auto Liability; including hired and non-owned auto; and *even if no autos are owned*.	√	FORM NO. MOLC-100120
g. Property.	√	ACWA JPIA owns their building. APIP

B. *For the risk retained by the pool the, JPA provides a coverage document that that includes or references the following:* a. Declaration page (unique to each member and/ or year of coverage): *b. Definitions* *c. Identify covered parties, persons, entities (may refer to endorsement within the coverage document which lists all covered parties)* *d. Retention/deductible and limits* *e. Dates of coverage* *f. Premium/contributions* *These can be met by reference to other agreements or laws; ie labor code. (Mandatory)* *NOTE: Recommend that the JPA not include excess limits on the declaration page else it might be interpreted as included in the JPA's form. In that case the JPA may have to assume the same coverage provisions in to the excess layer.*	√	

The notes below provide additional considerations but in themselves are not specific requirements:

The JPA should in addition consider scope of coverage, obligation if any to defend and indemnify, report claims, expectation of member to report, settlement. When you are not covering?

Declaration Page (unique to each member and/or year of coverage)

- *Identify covered parties, persons, entities*
- *Retention/deductible and limits*
- *Dates of coverage*
- *Premium/contributions*

Definitions *Key terms to define include:*

- *Coverage trigger (i.e. "occurrence", "wrongful act", etc.)*
- *Coverage parts (E&O, Personal Injury, etc.)*

Insuring Agreement

- *Reimburse vs. indemnify*
- *BI/PD*
- *E&O*
- *EPLI*
- *Stat WC benefits*

Exclusions

- *Such as Asbestos, contract, nuclear, punitive damages, terrorism, etc.*

. Conditions

- *Claim reporting/notice*
- *Appeals*
- *Action against authority (dispute resolution)*
- *Other coverage*
- *Subrogation*
- *Assignment*
- *Cancellation/non-renewal*
- *Severability*
- *Defense and Settlement (may be condition or stand-alone)*
- *Increased cost of construction; enforcement of ordinance and law.*

If the JPA follows form of the excess carrier or pool then is there a policy document that makes this explicit?

Is the document clear regarding the duty to defend within a deductible, member retention or pool sir?

Issue has been some JPA's do not have these items articulated then if there is a dispute the court will say… you don't say you don't do this so you must…

CRITERIA	STATUS	DISCUSSION
C. For the risk excess of that retained by the JPA. The JPA evaluates its insurers, excess insurers, reinsurers and risk pools for coverage continuity, quality, stability, and financial solvency. (Mandatory) *(Review of current and past insurers due to outstanding claims. See process for evaluating excess insurers and excess risk pools and reinsurers document)* *Suggest that insurance carriers current and past be reviewed; this review may include current ratings and any solvency issues.* *Suggest that any pooling arrangements entered into that the pool be reviewed annually to evaluate the financial condition and if the pool is accredited.*	√	Along with Alliant and AON.
D. For risks covered by the JPA, the JPA maintains sufficient evidence of coverage by way of excess or reinsurance as applicable:		
a. Workers Compensation	√	FORM NO. MOWC&EL-070121
b. Property	√	FORM NO. MOPC-070121
c. Liability	√	FORM NO. MOLC-100120
d. Fiduciary Liability		
e. Auto Liability (if separate)		Included in Memo of Liab Coverage
f. Health Benefits and related	√	
Fiduciary Liability *Required for self-funded health and welfare plans* *(May review public officials Errors and Omissions coverage, look at exclusions (if it only excludes ERISA then that doesn't exclude government entities) A standard commercial general liability policy doesn't extend to fiduciary coverage.)*		
E. The JPA keeps all memoranda of coverages and insurance policies permanently on file. (Mandatory)	√	
F. The JPA maintains and distributes coverage agreements and insurance policies as appropriate. (Mandatory)	√	

IV. ACCOUNTING & FINANCE

Objective

To determine that the JPA complies with all applicable accounting standards and has adopted an investment policy.

CRITERIA	STATUS	DISCUSSION
A. The JPA materially adheres to all applicable GAAP, GASB, and other accounting standards. (Mandatory) *Noncompliance examples:* • *Not recording IBNR* • *Unrecorded ULAE (material)* • *Inadequate disclosures (Required Supplementary Information (RSI) #1, by line of coverage and RSI #2) loss development by line of coverage and disclosure of ceded insurance.* • *Inappropriate application of GAAP, (such as recording equity in another pool) (cannot be cured by disclosing the policy and limitations)* • *Liabilities not fairly stated (materially overstated;* • *Don't record above expected, any additional should be recorded as a designation of retained earnings).* • *GASB 31, market value of investments* • *GASB 40 Custodial Credit Risk Disclosures* • *GASB 68 Pension Liabilities* • *GASB 75 Other Post-Employment Benefits* • *Asset Impairments* • *Related Party Transactions* • *Extraordinary Items* • *Prior Period Adjustments* • *Contingent Liabilities* • *Recording reinsurance recoveries when received instead of netting out of claims expense when paid and setting up as a receivable.* • *The MD&A is sufficient* *(Consultant will review above irrespective of auditor's opinion)*	U	
B. The JPA issues to its members periodic financial reports at least annually or more frequently if required by its governing documents. (Mandatory)	√	
C. Financial Audits		
1. The JPA has undergone annual independent financial audits conducted by a CPA in accordance with generally accepted auditing standards, a report of which has been made available to all members as required by its governing documents. (Mandatory)	√	Gilbert & Associates, April 7, 2021, for the year ended on September 30, 2020.
2. If the JPA has received an opinion other than an unmodified opinion on the audit of its financial statements, the JPA governing board has satisfactorily addressed any such qualifications of opinion, audit exceptions or negative statements. (Mandatory)	N/A	

3. The independent auditor shall include a report on internal controls. (Mandatory) *(Issue a report on internal control and compliance for governmental auditing standards or an internal control report under Statement on Auditing Standards 115 to meet this.)*	√	April 7, 2021
4. If a management letter or report on internal controls has been issued, the JPA governing board has addressed any recommendations. (Mandatory)	N/A	
D. Unpaid Claim Liabilities		
1. The JPA has assets sufficient to pay all unpaid claims liabilities and maintains a reasonable contingency margin. The determination of whether there is a reasonable margin for contingencies will include consideration of investment income, excess of loss insurance, aggregate stop loss insurance, assessability, size of program, volatility of risk, tolerance of membership, disclosure to board and any other relevant factors. (Excellence) *(If there is a deficit and the board has made an assessment, the receivable is recorded to offset the deficit.)*	√	
2. If the JPA does not currently have sufficient assets to pay unpaid claims liabilities, it has a reasonable financial plan in effect that will generate sufficient revenues to pay all unpaid claims liabilities and to establish a contingency margin. (Mandatory)	N/A	
For both D (1) and D (2) above, unpaid claims include: (Mandatory) a. Case reserves for reported claims; b. Incurred but unreported claims; c. Expected loss development; and, d. Allocated & unallocated loss adjusting expenses.	√	
3. JPAs with a self-funded medical benefit plans must fund at a level sufficient to cover expected claims, including the run-out, plus a reasonable contingency for adverse experience. Absent any acceptable evidence to the contrary, the contingency for adverse experience shall be set at an amount equal to or greater than the expected run-out of claims. (Mandatory)	√	
4. JPA's with self-funded benefit plans other than medical must fund such programs at a level sufficient to cover expected claims and projected run-out, plus a reasonable contingency for adverse experience. (Mandatory) 5.	√	
E. The JPA's current contribution levels for each self-funded program is in concert with Section D, above. (Mandatory)	√	

F. The JPA has adopted a target equity policy and considers it when evaluating funding and dividends. (Mandatory) (*For sample targets see target equity worksheet)*	√	2/4/2020: RSF (Rate Stabilization Fund) calculation target for the CAT reserve funds revised to $25M (Liab) and $15M (WC) creating stability. EC will review the process & implement changes & policies to match organizational goals annually. Total refunds to members using the adjusted targets are anticipated at $5.9M. Reviewed FB 4.4 (Financial Planning & Reporting) also.
G. Management provides those with governance a five-year summary of: a. The rate setting confidence level by policy year and program (Excellence) b. The equity targets by program and policy year (Excellence) *Recommend you show the targets to your equity and demonstrate strengthening or erosion. Show board progression overtime.*	√	See Statistical Section as well with supporting information of financial trends, economic & demographic information, schedule of rate stabilization activity, revenue/expenses by program, and covered payroll and property values.
H. The JPA rate funding at the 80% confidence level or describes why this level is not needed; due to: (Excellence) a. Nature of the program and retentions (explain) b. Met or exceed target equity (explain) c. Has a retrospective assessment process in place (explain) *Actuary Guidance Funding:* *<u>Primary Programs</u>* *70% = Marginally Acceptable* *75%-85% = Recommended* *90% = Conservative* *<u>Excess Programs</u>* *75% = Marginally Acceptable* *80%-90% = Recommended* *95% = Conservative* *In cases where the loss estimates are less than the SIR (e.g. expected is $500K, SIR is $1M), I typically recommend setting aside a multiple of the SIR or layer exposure (e.g. 5 times) since the CL estimates are not sufficient for surplus protection.*	N/A	Each year ACWA JPIA updates the goals for both the Liab & WC Programs calculating a 3-year average of the gross losses from the actuary at 99% confidence. Funding is based upon rates established by ACWA JPIA's Executive Committee.
I. Any JPA with non-risk sharing program(s) must clearly indicate in the governing documents the financial and operational structure of such program(s). (Mandatory) *To be considered as a W.C. non-risk sharing program, it must not be operating under a master workers' compensation certificate filed with the State Dept. of Self-Insurance Plans.*	N/A	
In lieu of funding standards contained in Section E above, a non-risk sharing program must:		

1. Calculate and communicate the individual member net asset balances and liabilities to the members annually.	N/A	
2. Be sufficiently assessable to ensure that program's cash flow needs are met.	N/A	
3. Demonstrate that it has adequate cash on hand to meet future claims costs.	N/A	
J. The JPA maintains a suitable management information system that includes premium computation methods and/or allocation formulas. (Mandatory).	√	

V. INVESTMENT OF FUNDS

Objective

To assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

CRITERIA	STATUS	DISCUSSION
A. The JPA has a written investment policy that contains: (Mandatory) *Required for all, even if they only have money in LAIF and or County Treasury.*		
1. A statement of objectives as required by G.C. § 53646	√	
2. Description of permitted investments, which must be in conformity with California G.C. §53601 and reasonable under "prudent investment rule."	√	
3. The written investment policy is reviewed annually by governing body or an investment committee pursuant to California G.C. § 53646(a).	√	November 2020 BOD minutes
4. The JPA provides evidence that the governing body or an investment committee periodically considers diversification of risk as to type of investment and individual institution. (Mandatory)	√	
B. The JPA invests its funds in conformity with GC §53601. (G.C. 6509.5) (Mandatory)	√	
C. The JPA has in place internal controls that include: (Mandatory) *Government pooled funds excepted.*		
1. Separation of functions (buying and selling of securities is separate from accounting and reporting of transactions) if the size of the staff can accommodate this;	√	
2. Separate verification of all transactions; and	√	
3. Written documentation of procedures.	√	
D. If the Treasurer has the authority to reinvest, sell and exchange securities:		
1. The JPA makes such delegation of authority annually. (G.C. §53607). (Mandatory)	√	
2. The Treasurer renders a monthly report of investment transactions to the governing board. (G.C. 53607). (Mandatory)	√	JPIA Agreement, Section 17 (c)

CRITERIA	STATUS	DISCUSSION
THE FOLLOWING REQUIREMENTS (E, F, G, & H) ONLY APPLY TO JPAs THAT MANAGE THEIR OWN INVESTMENTS, WITH OR WITHOUT THE USE OF INVESTMENT CONSULTANTS. *Does not apply to JPA funds that are deposited with county or state investment pools.*		
E. The JPA provides evidence that the Treasurer or Chief Financial Officer has submitted a quarterly report in a timely manner to the governing board containing the investment information required by California G.C. §53646 (b) (1), a description of compliance with the statement of investment policy G.C. §53646 (b) (2), and a statement of ability to meet expenditure requirements over the next six months G.C. §53646 (b) (3). (Mandatory) Quarterly report is suggested not required under government code revisions but still required under these standards. The *State revised so they don't have to include this in the mandated cost reimbursements.* (*Should be signed by Treasurer or CEO. (Note; under 53646 it does not state that you must provide the transaction detail as described under 53607 for a treasurer that has investment authority)*	√	
F. The quarterly investment report filed with the governing body shall also contain:		
1. Type of investments; (Excellence)	√	
2. Issuing institution; (Excellence)	√	
3. Dates of purchase and maturity; (Excellence)	√	
4. Par and dollar amount invested on all securities; (Excellence)	√	
5. Investments and monies held by the JPA; (Excellence)	√	
6. Current market value, including source; (Excellence)	√	
7. Coupon rate; (Excellence)	√	
8. Effective yield rate; *(yield to maturity)* (Excellence)	√	
9. Portfolio total rate of return; (Excellence)	√	
10. Cash and security transactions; (Excellence)	√	
11. Percentage of portfolio by issuer or security type. (Excellence)	√	
G. JPAs that own investment securities shall have an independent custodian who shall not be from the same department of the financial institution or broker/dealer from whom the JPA buys or sells the security, or the investment advisor. (Mandatory)		
1. There shall be a written contract between the JPA and the independent custodian that includes: (Mandatory) a. Scope of services b. Compensation c. Termination	√	

CRITERIA	STATUS	DISCUSSION
2. Monthly reports shall be sent directly from custodian to a specific person at the JPA. (Excellence)	√	
3. Custodial statements shall be reconciled with an in-house or investment advisor's report. (Mandatory) *Should be independent of the custodian and investment advisor. Should be documented in the investment accounting procedures. Recommend quarterly.*	√	
4. The third-party custodian shall maintain adequate fidelity coverage. (Excellence)	√	
H. For JPAs that engage in services of a professional investment advisor, the following safeguards are in place: *For the purpose of this Section I, an investment advisor is a person or firm that provides advice as to the value of securities or property or the advisability of purchasing or selling such securities or property. The advisor may have discretionary authority or control to purchase or sell. An investment advisor renders advice to the JPA on a regular basis with the understanding that his or her advice will be an integral factor in the investment decision-making process relative to the particular needs of the JPA. Purely clerical or ministerial duties such as record-keeping, reporting, processing, or disseminating information generally will not be classified as investment advisory activities, absent authority, discretion, or control.*		
1. There is a written contract between the advisor and the JPA that includes; (Mandatory) a. Scope of services b. Compensation c. Duty to disclose conflicts of interest d. Termination e. Disclosure to JPA of any investigation by a regulatory body for investment-related regulatory violations.	√	
2. The JPA has a process to ensure the investment advisor has disclosed any conflict of interests (Mandatory) *(This may be satisfied by a provision in the contract as addressed in (1) above or FPPC form 700, or review of Form ADV Parts 1 and 2; this should be done annually.) We are concerned that this does not satisfy the objectives of "disclosure" form 700 and ADV, recommend an annual statement of conflicts; list conflicts.*	√	
3. All securities are purchased in the name of the JPA. (Mandatory) Deposits *in LAIF or a treasury are not "securities"*	√	
4. The advisor sends monthly reports to the JPA containing information described in Section D above. (Mandatory)	√	

5. The advisor reports at least quarterly an evaluation including total rate of return and a comparison of the pool's total rate of return to reasonable benchmarks (i.e., U.S. Treasury securities, an index comprised of Treasuries, or LAIF). (Excellence)	√	
6. The investment advisor carries Investment Advisor Professional Liability Insurance with a per claim/aggregate limit of at least $1,000,000. (Mandatory)	√	
I. JPA's that place their investments in or through County or State investment pools, or in FDIC insured contracts will issue quarterly reports to the governing body, chief financial officer, and auditor in accordance with G.C. §53646 (e). (Mandatory)	√	

VI. FUNDING AND ACTUARIAL STANDARDS

Objective

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs. There may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

Programs: Property/Liability/Workers Compensation

CRITERIA	STATUS	DISCUSSION
A. The JPA has had property or casualty (including W.C.) actuarial study(ies). Such study was conducted by a Member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study(ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence). (*The actuary should be conducted for major programs, if a pool is in run-out it still should have an actuary study, unless as determined by the committee the risk and variability has sufficiently diminished. Such considerations would be; line of coverage, the risk layer retained, whether the pool is an excess layer pool, the variability inherent in the claims and how the claims are developing.)*	√	WComp Liab Prop June 30, 2020; Extrapolated as of September 30, 2020. January 21, 2021 (AON/Mujtaba Datoo and Brenda Craigmyle).
B. The actuary provides claim funded factors or measures for the: a. Expected level (Mandatory) b. 70% confidence level (Mandatory) c. 80% confidence level (Mandatory) d. 90% confidence level (Mandatory) e. At least one of the factors below or similar: 98% confidence level (1:50) (Excellence) 99% confidence level (1:100) (Excellence) 99.5% confidence level (1:200) (Excellence) *This information would be valuable for long-term risk financing and meeting forever pool benchmarks and goals.*	√	
C. If loss reserves requirements were computed on a discounted (present value) basis, the payout pattern and projected rate of return were reasonable. (Mandatory) *Is the discount rate reasonable given; current cash and investment balances, accounts receivable or deficit balances, or the character of the assets such as buildings?*	√	1.00 % discount Liability 1.5% workers' compensation 0.25% property and 0.00% for employee benefits.
D. If the JPA has a self-funded medical benefit plans, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted within the last 36 months. (Mandatory).	√	Alliant performed the rate study on 10/22/2020.

E. If JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability, or life), it must conduct independent rate studies and fund level evaluations within the last 36 months by an actuary (Mandatory) *note this is a requirement for education JPA's under AB 1200 Chapter 1213.*	√	Alliant performed the rate study on 10/22/2020.

VII. RISK CONTROL

Objective

To determine that the JPA actively promotes risk control principles and practices to its members and that necessary budgetary appropriations for such services are made. An excess JPA may meet this requirement by requiring its member agencies to be responsible for having their own risk control program.

CRITERIA	STATUS	DISCUSSION
A. JPAs are active in promoting risk control principles among their member agencies. This shall include the following: (Compliance with two or more is required) *Not applicable for benefit programs.* (Mandatory)		https://www.acwajpia.com/safety-risk-control/ and https://www.acwajpia.com/governance/#publications
1. Promoting a risk transfer policy that addresses additional insured's, minimum insurance limits and proof of suitable insurance coverage.	√	On-line risk transfer resources: https://www.acwajpia.com/services/#risk-transfer
2. Establishing risk control standards for the significant exposures of its member agencies. *For liability and property.*	√	Through Safety Fact Sheets; Splash Safety Alerts; Risk Control bulletins; Quarterly Tool-box talks; access to a Risk Control Advisor, (Terry Lofing), Best Practices, EPL Hotline.
3. Prioritizing the use of its risk control resources, based on such factors as; (a) loss ratios, (b) frequency, and (c) severity rates.	√	Webinars and training and resources mentioned above and a Risk Control Safety Manual.
4. Offering risk control assistance to its member agencies, including (a) conducting or facilitating risk control inspections, (b) investigating large losses, (c) conducting risk control training for its member agencies, and/or (d) providing wellness and/or employee assistance program.	√	H.R. LaBounty Safety Award Program introduced as a way to promote safe workplace behavior and operations practices while rewarding those employees who demonstrate safe behavior, take part in recognizable proactive activities, or participate in risk-reducing actions (another way to foster a safety culture that reduces the potential for losses among members).
5. Providing or facilitating the procurement of appraisal services, in order to maintain accurate records of its members' property components and values.	√	
B. The JPA's budget provides for the above. (Mandatory)	√	
C. The JPA maintains a suitable management information system that includes: (Mandatory)		
1. Relevant information about type and quantity of exposures being assumed.	√	
2. Relevant information about the type, number and cause of accidents resulting in claims against its member agencies.	√	

VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claim management services provided by JPA and its contractors.

Program: Property / Liability

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claim's management system. Excess JPA's must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	√	
B. The JPA has established a litigation management program. (Mandatory) *Evidence of this may include* • *Budget* • *Written plan for litigation on each litigated case* • *Guidelines for oversight of litigation* • *Contracts with attorneys* *Although the above may not be applicable for excess pools; does the excess pool* • *have oversight only over primary layer litigation?* • *assign associate defense counsel?* • *ensure the primary pool or covered party has a litigation program?*	√	Model Litigation Plan and Budget Instructions in accordance with industry best practices. Defense budget requested on every file and were presented during the claims audit of litigated claims, along with Defense Counsel's analysis & evaluation reports and proactive clams handler engaging with counsel for timely receipt of reports.
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence) (*A periodic Profile Audit Review (PAR) audit* <u>*may*</u> *be acceptable replacement on a self-administered program (in-house administration) however; this audit does not have the same scope in review of reserves).* The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:		Sedgwick audited ACWA which self-administers claims (Roseville, CA) and Praxis Claims Consulting. Oversight within unit by Claims Manager who reports to CEO. 14 separate claims handling components assessed of 34 claim files. Average Grade Score of Commendable (which is 91%-95% and Superior in some areas).
1. Claims are handled in a timely and organized manner;	√	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	√	
3. Case reserving practices are reasonable;	√	
4.Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	√	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;	√	

CRITERIA	STATUS	DISCUSSION
b. Adjusters identify claims with subrogation potential;	√	
c. Excess insurers are notified of claims with excess potential;	√	
d. Litigated claims are adequately managed;	√	
e. Coverage is verified; and	√	
f. Adequate investigations are performed.	√	
D. The JPA has addressed all major recommendations and significant findings included in the audit report. *Consideration of a future standard: (An excess pool has a process of reviewing primary layer claim audit results and follow-up with members)* (Mandatory)	√	Rebuttal opportunity to individual claim findings through November 20, 2020.
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Mandatory)	√	
F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or coverage related disputes. (Mandatory)	√	JPA Agreement, Article 15 (a) concerning coverage and for VSP, Section VIII: Arbitration of Disputes (Section 8.01 and Sections 5.05 and 5.06.
G. The JPA has a written policy addressing settlement authority (Mandatory)	√	

VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claim management services provided by JPA and its contractors.

Program: Workers Compensation

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claim's management system. Excess JPA's must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	√	
B. The JPA has established a litigation management system. (Mandatory)	√	
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence) (*A periodic Profile Audit Review (PAR) audit may be acceptable replacement on a self-administered program (in-house administration) however; this audit does not have the same scope in review of reserves).* The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:		Sedgwick audited ACWA which self-administers claims (Roseville, CA) and Praxis Claims Consulting. Oversight within unit by Claims Manager who reports to CEO. Sedgwick.14 separate claims handling components assessed of 50 claim files. Average Grade Score of Commendable (which is 91%-95% & Superior in some areas).
1. Claims are handled in a timely and organized manner;	√	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	√	
3. Case reserving practices are reasonable;	√	
4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	√	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;	√	
b. Adjusters identify claims with subrogation potential;	√	
c. Excess insurers are notified of claims with excess potential;	√	
d. Litigated claims are adequately managed;	√	
e. Coverage is verified; and	√	
f. Adequate investigations are performed.	√	

CRITERIA	STATUS	DISCUSSION
D. The JPA has addressed all major recommendations and significant findings included in the audit report. *Consideration of a future standard: (An excess pool has a process of reviewing primary layer claim audit results and follow-up with members* (Mandatory)	√	Rebuttal opportunity to individual claim findings through November 20, 2020.
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Mandatory)	√	
F. If the JPA provides **employee benefit** plans for its members, it must have an appeals process for handling claims and/or coverage related disputes. (Mandatory)	√	JPA Agreement, Section 15 (a) and for VSP, Section VIII: Arbitration of Disputes (Section 8.01 and Sections 5.05 and 5.06.
G. The JPA has a written policy addressing settlement authority (Mandatory)	√	

IX. Underwriting

Objective

To determine that the JPA has a clear process for developing and monitoring its underwriting policies and processes

CRITERIA	STATUS	DISCUSSION
I. Underwriting Objectives *This applies to rating individual members and overall program management*		
1. The JPA has established a written underwriting policy. This policy should include the following (mandatory): *This should be a written policy approved by the board*		
a. A definition of the underwriting function / mission	√	
b. Address suitability or fit of member	√	
c. As applicable considers i. Claims ii. Exposures iii. Actuarial results	√	
d. Defines relevant period or value of data. *(last 5 years; or capped at $150,000)*	√	
2. There is an objective contribution allocation formula (mandatory) (Addresses both new and existing members)		
a. It identifies the components in writing as part of the policy	√	
b. The policy identifies guidelines for credits or debits if any	√	
3. There is an approval process for new members by board or who they delegate this approval. (mandatory)		JPA Agreement, Article 21 – New Members
4. The underwriting policy is formally reviewed periodically or at least once every three years. (Mandatory) *(a fresh look at the formulas)* This review should consider:	U	EC last reviewed & approved the Underwriting Policy for presentation to BOD on August 17, 2017; the BOD approved on October 30, 2017.
a. Is the process adequately measuring the risks? (Mandatory)	√	
b. Is the process adequately allocating costs? (Mandatory)	√	
5. Underwriting considers the target net assets (Excellence) May include a dividend & assessment formula	√	

X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Objective

To determine that the JPA (A) has a process for developing and implementing a strategic plan setting forth its goals and objectives for the future, (B) regularly and effectively communicates with its members (C) actively involves its governing board members and staff in education and training programs offered by relevant professional associations and (D) maintains procedures and policies relating to information systems.

CRITERIA	STATUS	DISCUSSION
A. The JPA conducts an effective strategic planning process to guide its future efforts. This should include an analysis of the environmental trends and the organizational strengths, weaknesses, opportunities and threats. Such a process may also include the following: (Excellence)		At the Westin, in Rancho Mirage, on March 4-6, 2020. Next planning session is slated for early 2022. The JPIA meets every 2 years to discuss long term plans.
1. A survey of member expectations and related perceptions; *(either formally or informally)*	√	
2. A mission statement with supporting goals, objectives and tasks.	√	
3. Consideration of the target equity policy.	√	
B. The JPA regularly communicates with its member entities. Such communication may include (Mandatory) *One or more or related communication efforts with members*		
1. Annual reports, newsletters, or similar media;	√	
2. Notice of major policy issues;	√	
3. Periodic workshops, seminars, or similar educational activities;	√	
4. Surveys of its member agencies, its service providers, and staff.		
5. JPA website for communication with members	√	https://www.acwajpia.com/governance/#publications
C. The JPA governing board and staff are actively involved in education and training programs. Such involvement may be indicated by the following: (Excellence)		
1. Participation in one or more of the following organizations:		
a. CAJPA (California Association of Joint Powers Authorities)	√	

b. PARMA (Public Agency Risk Managers Association)	√	
c. PRIMA (Public Risk Management Association)		
d. CPCU Society (Chartered Property and Casualty Underwriters)		
e. RIMS (Risk and Insurance Management Society)		
f. CASBO (California Association of School Business Officials)		
g. COSIPA (Council of Self-Insured Public Agencies)		
h. CSIA (California Self-Insurers Association)		
i. PASMA (Public Agency Safety Management Association)		
j. AGRiP (Association of Governmental Risk Insurance Pools)	√	
k. IEA (Insurance Educational Association)		
l. ASSE (American Society of Safety Engineers)		
m. SCIC (Society of Certified Insurance Counselors)		
2. Top management has attended at least two professional conferences or seminars in the preceding 12 months.	√	
3. The governing body members participate in training such as; governance training, pool management or risk management training.	√	Board Boot Camp
4. There is formal training of all key personnel. *(As needed)*	√	
5. The JPA's budget provides for the above participation and training.	√	
D. The JPA has developed and implemented processes and procedures relating to protection of electronic data, including:		FB-4 under Finance & Business Services (Section 4.7 Information Technology) and H. 1-2 Personnel Manual and Policy 4.5 Technology Resources. ACWA JPA underwent a vulnerability test a couple of years ago with focus on IT and since that time, ACWA JPIA is working to remedy/correct all their findings (which has/is taking time and ACWA JPA will likely undergo another vulnerability test in the next two years) looking to update the ACWA JPIA IT Documents.
1. A suitable security and back-up system for all stored data. (Mandatory)	√	

2. A written policy with respect to:		
a. Disaster recovery (Mandatory)	√	
c. Data backup and recovery (Mandatory)	√	
b. Physical and electronic data security (Mandatory)	√	
c. Electronic data retention (Mandatory)	√	
d. Protection of electronic data as required by Health Insurance Portability and Accountability Act of 1996 (HIPAA), as applicable. (Mandatory)	N/A	

XI. ENTERPRISE RISK MANAGEMENT

OBJECTIVE

Demonstrative for the first cycle to make this part of the conversation management has with the board; the goal would be to make this demonstrative for a three- year cycle beginning January 1, 2021, then after this section will be for the excellence standard.

To determine that the JPA has an ongoing process to identify major overall risk areas for the JPA and a plan reduce these risks to a relatively low level.

The JPA leadership has identified the relevant; policies, procedures, people, systems, training and monitoring to address first level risks in each of these three areas. A plan should be developed to

a. Identify the major risks
b. Develop a plan to reduce the risk to a "relatively low level."
c. Implement the plan
d. Monitor and develop plans to address next level risks.

(*note must have a plan in process. It doesn't have to be fully implemented)* The plan must be in writing and approved by the proper level of governance (Excellence).

The primary headings identified that must be addressed:

CRITERIA	STATUS	DISCUSSION
I. Member Understanding and Value - Meeting member needs through various cycles.		
a. Identify the major risks (demonstrative/excellence)		Risks from the members impacting ACWA have been identified. ACWA's value, benefits and services to membership and meeting their needs has been identified and published. There is recognition of and an ability to quickly address.
b. Develop a plan to reduce the risk to a "relatively low level." (demonstrative/excellence)		Methods used by ACWA to reduce the risks can also be seen through their staff outreach to members.
c. Implement the plan (demonstrative/excellence)		JPIA takes an active role encouraging members to implement programs and practices that can reduce these types of risks The Perspective is JPIA's bi-monthly newsletter, which is produced for the benefit of its members. The newsletter communicates information about JPIA's coverage programs, services, training, and organizational functions.

d. Monitor and develop plans to address next level risks (demonstrative/excellence)		ACWA staff reviews and improves implementation process and adjust risks to be addressed. The JPIA Commitment to Excellence Program (C2E) is a long-term outreach effort to meet that goal by helping membership reduce the frequency and severity of liability, workers' compensation, and property losses.
II. **Funding, Capitalization and Risk Financing Structure - Board not adequately funding and capitalizing a program.**		
a. Identify the major risks (demonstrative/excellence)		Identify the major risks associated with funding of programs and long term impact
b. Develop a plan to reduce the risk to a "relatively low level." (demonstrative/excellence)		What are the methods ACWA will use to reduce the risks to a lower level?
c. Implement the plan (demonstrative/excellence)		
d. Monitor and develop plans to address next level risks. (demonstrative/excellence)		Information from the claims audit, actuarial and financial audit are methods for monitoring, compliance and re-address where needed.
III. **Operations and Operational Interruption.**		
a. Identify the major risks (demonstrative/excellence)		A**CWA JPIA Commitment to Excellence Best Practices** has been developed for each loss reduction category. Included are loss reduction focus elements, "best practices menus", and explanations for each menu item. Best Practices are reviewed with member districts during risk assessment visits and discussed in the JPIA Source newsletter. JPIA members can select from the menu the best practices they wish to add to, or enhance, their existing loss reduction programs. The JPIA provides resources to help members implement the best practices. Core values of an organization are those values held which form the foundation on which ACWA JPIA performs, works, and conduct themselves.
b. Develop a plan to reduce the risk to a "relatively low level." (demonstrative/excellence)		One method is the Commitment to Excellence Best Practices. ACWA has an entire universe of values, but some of them are so important to ACWA that throughout the changes in society, government, politics, and technology, they are STILL the core values of the Program**.**
c. Implement the plan (demonstrative/excellence)		Implemented through risk/exposure assessments & mission statement.
d. Monitor and develop plans to address next level risks. (demonstrative/excellence)		With an ever-changing world, core values are constant. Core values are not descriptions of the work or the strategies employed to accomplish the mission, but values that underlie the work, interaction with each other, and strategies employed to fulfill the mission. Core values are reviewed and discussed at the strategic planning sessions.
*The **plan** should be designed to reduce to a relatively low risk that events in these areas would significantly put the pool at risk.*		There is no actual written ERM plan.

CWIF

California Water Insurance Fund

Board of Directors Meeting

AGENDA

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814
(916) 447-1700

Monday, May 2, 2022 – 8:30 AM

Presenter			Page #
Gladbach	*	1. Approve the minutes of the September 23, 2021 meeting.	**2**
PFM	*	2. PFM Investment Portfolio update.	**4**
PFM	*	3. Review and approve Investment Policy.	**5**
deBernardi	*	4. Review and approve Audited Financial Statements for year ending September 30, 2021.	**13**
Sells	*	5. Program status.	**48**
Sells	*	6. Plan 2022 Annual Board Of Directors meeting.	**50**

ADJOURN

**Related items enclosed.*

CWIF Agenda issued: April 6, 2022

PERSONNEL COMMITTEE MEETING

AGENDA

Link to Zoom

MEETING ID: 661 516 2566

PASSCODE: 1234

ZOOM CALL IN #: (669) 900 6833

Monday, April 18, 2022, 11:30 AM
This meeting shall consist of a simultaneous Zoom teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and remote sites.

WELCOME, CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

PUBLIC COMMENT Members of the public will be allowed to address the Personnel Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter				Page#
Gladbach	*	I.	Approve the meeting minutes of January 26, 2022.	**1**
Slaven	*	II.	Review CEO evaluation process.	**4**
Gladbach	*	III.	Discuss next meeting date: June 29, 2022.	**12**

ADJOURN
*Related items enclosed.

Americans With Disabilities Act – *The ACWA JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the ACWA JPIA, shall be made to: Patricia Slaven, Director of Human Resources and Administration, ACWA JPIA, P.O. Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. ACWA JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

Written materials relating to an item on this Agenda that are distributed to the ACWA JPIA Personnel Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. ACWA JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.

Preliminary Agenda issued: April 7, 2022
Final Agenda issued: April 12, 2022

PERSONNEL COMMITTEE
ACWA JPIA
CEO Evaluation Process
April 18, 2022

BACKGROUND
The Executive Committee has asked staff to look into additional ideas for evaluating the Chief Executive Officer.

CURRENT SITUATION
Executive Committee members receive an on-line survey to complete. It lists the CEO's goals for the year, essential functions/skills and a space for new goals. The CEO completes the entire document from his/her perspective before it is released to the committee. The first two sections allow the committee to rate the CEO and offer comments that support the rating. The last section asks for ideas of goals for the following year. These ratings and comments are then tallied and transcribed onto one document. That document is delivered to the committee to use when reviewing the CEO. See copy on following pages.

The JPIA already has the essential function/skills determined. This discussion is to query the Personnel Committee on how to better set up the evaluation process, and how to debrief it following the input. Agencies review their executive in a variety of ways. Some follow the method currently used by JPIA, some use an outside consultant, some use in-house support, some survey members. Some samples and ideas are included. This is an opportunity to explore whether changes to the current process are warranted.

RECOMMENDATION
None, informational only.

Prepared by: Patricia Slaven, Director of Admin and HR Date prepared: April 18, 2022

ACWA JPIA

Chief Executive Officer
Executive Committee Appraisal

CEO Name: Walter 'Andy' Sells **Date: Aug 2021**

Evaluation Period: September 1, 2020 – August 31, 2021

Instructions for the Preparation of the Chief Executive Officer's Performance Appraisal

1. The blank appraisal forms are distributed to the Executive Committee and the Chief Executive Officer.

2. Executive Committee members and the Chief Executive Officer prepare their own "draft" appraisal and send it to the Director of Human Resources and Administration.

3. The Director of Human Resources and Administration will consolidate and summarize the appraisal, then review with the Chairman.

4. The appraisal will be finalized in a closed session meeting with the entire Executive Committee following final preparation by the Chairman. Questions and comments by the Executive Committee will be invited.

5. The Chief Executive Officer will be excused while the Executive Committee determines its suggested final format. A discussion of compensation changes and incentive award may be discussed at this time.

6. The Chief Executive Officer will be invited to return and the Chairman will deliver the proposed appraisal, allowing the Chief Executive Officer to provide comments.

7. The Executive Committee will also use the opportunity to communicate to the CEO its overall JPIA performance appraisal and issues of importance.

8. Goals and objectives for the coming year can be developed at this time for both the Chief Executive Officer and the organization.

9. The final format will be written and available for signature by the Chief Executive Officer and the Executive Committee Chairman.

RATING SCALE:

Rating Options	Definition
5 = Outstanding	Performance and results achieved always exceed the standards and expectations for the position requirements, performance standards and long and short-term objectives.
4 = Exceeds Standards	Performance and results achieved consistently exceed the standards and expectations for the position requirements, performance standards and long and short-term objectives.
3 = Meets Standards	Performance and results achieved generally meet the standards and expectations for the position requirements, performance standards and long and short-term objectives.
2 = Below Standards	Performance and results achieved generally do not meet the standards and expectations for the position requirements, performance standards and long and short-term objectives.
1 = Unsatisfactory	Performance and results achieved consistently do not meet the standards and expectations for the position requirements, performance standards and long and short-term objectives.
N = Not Observed	The rater has not had the opportunity to observe the manager's performance adequately to rate this performance dimension.

Accomplishment of CEO Key Objectives

Criteria (Chief Executive Officer)

1. Communication Rating:

- Follows rule of no surprises
- Expresses ideas clearly and effectively
- Accepts and offers innovative solutions
- Actively listens
- Deals fairly and equitably with the Executive Committee
- Responsive to Executive Committee requests
- Articulately explains complex ideas and concepts to others

CEO Comments:

Executive Committee Comments:

2. Leadership Rating:

- Gains the respect, confidence, loyalty, and support of others
- Promotes positive personal, professional and organizational image
- Articulates and implements the JPIA's vision and ensures consistent application across the organization
- Visionary – demonstrates a broad and far-reaching perspective; sees and communicates the big picture
- Uses good judgement, reads a situation accurately and acts appropriately
- Develops effective management team

CEO Comments:

Executive Committee Comments:

3. Management Controls Rating:

- Maintains financial management and cost containment
- Applies principles of employee selection, training, development and evaluation
- Optimizes productivity with financial resources
- Identifies and becomes appropriately involved in conflict resolution
- Maximizes staff and material resources to increase efficiency
- Adapts to changing circumstances
- Displays originality and resourcefulness
- Develops plans for succession, emergencies, and necessary staffing

CEO Comments:

Executive Committee Comments:

4. Decision Making/Problem Solving Rating:

- Makes inferences or draws conclusions from relevant information using logic and analysis
- Assessment of risk and uncertainty, and analysis to the likelihood of outcomes
- Collaboration, communication, cooperative learning, negotiation, and active listening needed for effective group decision making

CEO Comments:

Executive Committee Comments:

5. Financial Management Rating:

- Maintains financial management and cost containment
- Prepares accurate budget and keeps expenditures within the budget
- Effectively administers the JPIA budget
- Keeps Executive Committee informed about the fiscal impact of policy decisions
- Employs management practices and policies that are designed to achieve and maintain a sound, long-range financial condition

CEO Comments:

Executive Committee Comments:

6. Professional Competence Rating:

- Understands complex technical information
- Holds own on discussion with peers, members and Executive Committee on policy issues
- Has solid understanding of the water and insurance pooling industry

CEO Comments:

.
Executive Committee Comments:

7. Member Service Rating:

- Responds in a timely manner to requests and complaints
- Serves members with impartiality and fairness at all times
- Maintains effective relationships with member agencies
- Encourages and holds employees accountable for high standards and customer service

CEO Comments:

Executive Committee Comments:

Total the ratings for Criteria ___ then divide by number of criteria rated (7): Rating:

OVERALL RATING: Add Objectives & Criteria ___ then divide that by 2: Rating:

Accomplishments

List 3-5 noteworthy items things CEO accomplished during FY 2020/2021:

List 3-5 important things CEO could change or improve for FY 2021/2022:

Goals and Objectives for CEO for 2021/2022

____________________________	__________	____________________________	__________
CEO Signature	Date:	Executive Committee Chairman	Date:

CEO comments: Attach a separate page with comments if applicable

Options for Reviewing

Chief Executive Officer (CEO) by Executive Committee (ExCo)

Current	CEO completes self appraisal	ExCo completes appraisal individually		ExCo reviews with CEO*
Option I	CEO completes self appraisal	ExCo completes appraisal individually	ExCo meets to discuss ratings and comments; finalizes appraisal*	ExCo reviews with CEO*
Option II	CEO completes self appraisal	ExCo meets and completes appraisal as a group*		ExCo reviews with CEO*
Option III	ExCo meets CEO to receive input*		ExCo meets to discuss ratings and comments; finalizes appraisal*	ExCo reviews with CEO*
Option IV (M. Rosenberg Method)	ExCo meets to rate CEO performance and share examples*	ExCo makes adjustments to ratings/ comments as desired*	Appraisal is compiled to share results as one voice*	ExCo reviews with CEO*

* Meeting can involve outside facilitator/specialist

Executive Performance Appraisal

Understanding of Work

CPS HR understands that clients are seeking an experienced consultant to work with your Board/Council in the review, administration and/or development and oversight of successful executive performance evaluation for the position of your CEO.

The scope of work may include:

- Reviewing the current processes
- Modifying existing practices, and/or developing a new process as appropriate
- Recommending performance measures and communicating expectations with the incumbent
- Working with the Board/Council Ad Hoc Committee and Human Resources to prepare a questionnaire to be used for interviews with individual evaluators
- Conduct interviews of the to gather input
- Assisting your Board/Council with the review of feedback, renewal of contracts and contract terms
- Meeting with the incumbent to review feedback and discuss performance
- Consolidate all information into a written report and present report
- Facilitate Communication of the results

Minimum Scope of Work

The project will potentially include the following services:

1. Review of current practices and processes
2. Meet to discuss what is working and what needs to improve from
3. Reengineer process and meet to confirm a new process.
4. Facilitate individual quarterly meetings with the incumbent and the Board/Council to track progress on goals and have meaningful conversations in regard to performance
5. Obtain feedback from those who have used the incumbent's services or support the operations
6. Provide an evaluation process that allows rating and comments based on all the information they have received, and includes the opportunity to provide their own observations and feedback
7. Prepare a report and present to Board/Council
8. Facilitate individual meetings between Board/Council and the incumbent to discuss their review based on all of the feedback and data
9. Facilitate Board/Council meeting via an Executive Session to discuss reviews and next steps
10. Finalize contracts with Board/Council and the incumbent after the Executive Session
11. Provide comprehensive written documents and reports for the incumbent at the conclusion of the performance discussions, summarizing the discussions, identifying common themes and highlighting specific areas where efforts are effective and/or improvement is needed
12. Work with Board/Council to establish goals and how they will be measured for next performance cycle, recommending relevant performance measures.

ACWA JPIA
Membership Approval Request
May 2, 2022

AGENCY INFORMATION	Program	Join Date
Rainbow Municipal Water District	Liability	Applying
Fallbrook, CA	Property	Applying
San Diego County	Workers' Comp.	Applying
	Employee Benefits	07/2012

Date Formed:	1953
Type of Agency:	Special District
Date Joined ACWA:	1971

LINES OF COVERAGE

Program	TIVs/Payroll	Quoted Premium	Current Carrier
Liability	$5,916,898	$205,301	SDRMA
Property	$27,420,445	$56,001	SDRMA
Workers' Comp.	$5,916,898	$137,108	SDRMA

BACKGROUND

The Rainbow Municipal Water District (RMWD) was established in 1953 and is a Special District organized under Section 71000 of the California Water Code. RMWD is a member of the San Diego County Water Authority. The District provides water distribution and wastewater collection to the unincorporated communities of Rainbow and Bonsall, and portions of Pala, Fallbrook, and the City of Vista in northern inland San Diego County. The District's service area, which covers approximately 82 square miles, provides water services to over 19,000 residents and is responsible for providing sewer service to approximately 2,500 households and businesses within its service area. One hundred percent of the District's water is imported from two locations: the Lake Skinner Water Treatment Plant in Hemet and the Twin Oaks Valley Water Treatment Plant in San Marcos. RMWD maintains over 320 miles of water main, seven pump stations, four reservoirs, and 13 storage tanks to deliver water to its customers.

RMWD is governed by five Board members elected by Divisions. Fifty-eight staff members are divided among departments and provide administrative, construction, customer service, engineering, finance, human resources, IT systems, and water and wastewater services. RMWD's current General Manager has served the agency since August 2014 and has over 35 years of experience in water engineering and municipal utilities. Previously, he was the operations manager at Olivenhain MWD.

RISK MANAGEMENT
Risk Management Consultant(s): Chuck Wagenseller/Matt Bunde/Peter Kuchinsky II
Date of Assessment: April 5-6, 2022

A new member risk assessment was conducted to determine substantial conformance with the JPIA's Commitment to Excellence (C2E) Program, JPIA best practices, occupational safety and health standards, and consensus with public agency loss control methods.

Loss runs from 2012/13 – 2021/22 were reviewed, along with a comparison of losses and exposures to Fallbrook Public Utility District and Valley Center Municipal Water District as both Agencies are current JPIA members, located in North San Diego County, and of comparable size and operations. Fifteen RMWD sites were visited over the course of the two-day assessment. Sites visited were well maintained and secure.

With regard to Liability, over the past five years, RMWD has averaged less than two claims per policy year, with an average claims cost of $29,837. The most frequent claims were related to vehicle incidents. The most expensive claim in the last five policy years was related to an employment practices liability incident involving wrongful termination in the 2018/19 policy year.

With regard to Workers' Compensation, RMWD has averaged three WC claims per policy year over the last ten policy years. The average cost of a claim has been $8,621. The most frequent claims have been related to strains/sprains, slip/trip/fall, lifting, reaching, and repetitive motion injury.

With regard to Property, over the past five years, RMWD has averaged less than one claim per policy year, with an average claims cost of $5,156. All three were related to "at fault" vehicle incidents.

Overall a favorable opinion was developed about the staff and operations of the RMWD. RMWD staff were open, cooperative, responsive, and professional during the assessment process and visit.

RECOMMENDATION
That the Executive Committee approve Rainbow Municipal Water District's applications for admission into the Liability, Workers' Compensation, and Property Programs, subject to satisfactory completion of the updates recommended to the Employee/Personnel Manual within the first 90 days of membership.

Prepared by: Adrienne Beatty, Assistant Executive Officer & Debbie Kyburz, Lead Member Services Rep.

Date prepared: April 14, 2022

ACWA JPIA
CEO Update
May 2, 2022

BACKGROUND
This is a standing item on Executive Committee agendas.

CURRENT SITUATION
The JPIA's Chief Executive Officer, Andy Sells, will update the Executive Committee on relevant current issues.

RECOMMENDATION
None, informational only.

Prepared by: Walter "Andy" Sells, Chief Executive Officer   Date prepared: April 18, 2022

ACWA JPIA
Insurance Market Update
May 2, 2022

BACKGROUND
The excess/reinsurance market for the Liability and Property Programs continues to be very challenging. Both JPIA programs saw significant increases in the costs of the excess/reinsurance purchased for the past few years. The 2021-22 policy year also incurred significant price increases.

CURRENT SITUATION
Future policy years are anticipated to see continued increases in the excess/ reinsurance costs. The exception to the rising costs is the Workers' Compensation Program.

Staff will review current market conditions that affected pricing for this year's Liability and Property Program renewals.

RECOMMENDATION
None, informational only.

Prepared by: Walter "Andy" Sells, Chief Executive Officer Date prepared: April 5, 2022

JPIA MEETING & CONFERENCE CALENDAR – 2022

Meeting Dates	Board of Directors	Executive	Personnel	Finance & Audit	Programs				Risk Mgmt
					Emp. Benefits	Liability	Property	Work Comp	
Jan 26			11:00 AM						
Jan 31		1:00 PM							10:00 AM
Mar 30		1:00 PM		10:00 AM					
Apr 18			11:30 AM Zoom						
May 2	1:30 PM	10:15 AM							
ACWA Spring Conference May 3-6 - Sacramento									
Strategic Planning Session – June 15-17- Costa Mesa									
June 20							3:00 PM	1:00 PM	
June 21		9:00 AM							
June 29			11:00 AM Costa Mesa						
July 18		1:00 PM			9:00 AM				
CAJPA Conference – September 13-16 – Lake Tahoe									
Sept 21			11:00 AM TBD						
Sept 28		1:00 PM		8:30 AM		10:30 AM			
Nov 28	1:30 PM	10:15 AM							
ACWA Fall Conference – November 28 – December 2 – Indian Wells									

Date Prepared: 4/8/2022 11:52 AM

**Dates and times subject to change

Board of Directors' Meeting

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814

Monday
May 2, 2022
1:30 PM

BOARD PRESIDENT:
E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency

BOARD VICE PRESIDENT:
Melody A. McDonald, San Bernardino Valley Water Conservation District

JPIA Voting Procedures

Test voting will be conducted prior to the start of the Board meeting

The California Brown Act amendment requires public agencies to publicly report how each member of a governing board votes on each item of business.

Each voting member of the Board of Directors will be provided a voting device. Every device is numbered on the back, and that number will be assigned to you as you check in at the registration desk.

INSTRUCTIONS
When the Board is ready to vote, the President will announce that it is time to vote (instructions will appear on the projection screen at the front).

Voting Keys		
1	=	**Yes**
2	=	**No**
3	=	**Abstain**
PRESS SEND		

HOW DO I SUBMIT MY VOTE? Press **1**, **2**, or **3** to cast your vote; then press **SEND**.

WHAT HAPPENS IF I MAKE A MISTAKE? *Re-submit your vote (press 1, 2, or 3 and send).*

WHAT IF I ARRIVE LATE? *Your vote will be cast from the time you arrive at the meeting; prior to that your vote will register as "absent".*

WHAT HAPPENS IF I AM OUT OF THE ROOM OR HAVE TO LEAVE EARLY? *Your vote will be recorded as "absent" for that vote.*

CHECK YOUR DEVICE TO MAKE SURE THAT IT IS WORKING PROPERLY – PRESS ANY BUTTON AND IT WILL LIGHT UP. ALL DEVICES WERE TESTED PRIOR TO THE MEETING.

IF IT DOES NOT LIGHT UP: *Take it back to the registration desk and ask for another keypad and make sure that they make a note of the numeric change.*

RETURN YOUR KEYPAD TO ANY STAFF MEMBER

BOARD OF DIRECTORS' MEETING

AGENDA

Sheraton Grand Hotel
1230 J Street
Sacramento, CA 95814
(916) 447-1700

YOUR BEST PROTECTION

Monday – May 2, 2022 – 1:30 PM

WELCOME

TUESDAY SEMINARS

- Cybersecurity For Utilities: Principles And Framework
- The Protection Gap: Climate Risk And Insurance
- Sexual Harassment Prevention For Board Members & Managers

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

MEETING PARTICIPATION GUIDELINES

PLEDGE OF ALLEGIANCE

EVACUATION PROCEDURES

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT Members of the public will be allowed to address the Board of Directors on any agenda item prior to the Board's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

INTRODUCTION OF GUESTS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter		Page#
	I. CONSENT CALENDAR	
Gladbach	* A. Approve the minutes of the meeting of November 29, 2021.	**125**

Presenter			Page#
		II. ELECTIONS	
Sells	*	A. Executive Committee special election – review the voting procedures and the list of qualified candidates	**136**
Sells		B. Each candidate to address membership prior to voting.	
Sells		C. Direct membership to vote.	
Sells	*	D. Captive Board election – to be held after final results of Executive Committee special election.	**141**
Sells		E. Direct membership to vote.	
		III. ADMINISTRATION	
Sells	*	A. Glossary of Terms.	**144**
Gladbach	*	B. Ratify Executive Committee's acceptance of new member agencies.	**156**
Eggerton		C. ACWA Presentation.	
Sells	*	D. California Water Insurance Fund (CWIF) update.	**157**
		IV. FINANCIAL	
deBernardi	*	A. Review and approve the Audited Financial Statements for year ending September 30, 2021.	**159**
deBernardi	*	B. Review and approve the proposed Operating Budget for the fiscal year October 1, 2022-23.	**243**
		V. PROGRAMS	
Sells	*	A. Pooled Program update: 1. Liability Program 2. Property Program 3. Workers' Compensation Program 4. Employee Benefits Program	**246**
		VI. MEMBERSHIP BENEFITS	
Slaven	*	A. Leadership Essentials for the Water Industry Program update.	**248**

Presenter			Page#
Slaven	*	B. Human Resources update.	**250**
Crawford	*	C. Training update.	**252**
Flint	*	D. Announce the winners of the H.R. LaBounty Safety Award Program.	**255**

VII. CEO UPDATE

Sells	*	A. Current events at the JPIA.	**257**

VIII. OTHER BUSINESS

Greenfield		A. Briefly review pending lawsuits directly involving the JPIA.	
Gladbach		B. Announce the Board of Directors' Reception at 5:00 p.m. following the Town Hall meeting and introduce sponsors in attendance.	

ADJOURNMENT

*Related items enclosed.

MISSION STATEMENT: ACWA JPIA is dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverages and related services to its member agencies.

Americans with Disabilities Act – *ACWA JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Chimene Camacho, Executive Assistant, ACWA JPIA, P. O. Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

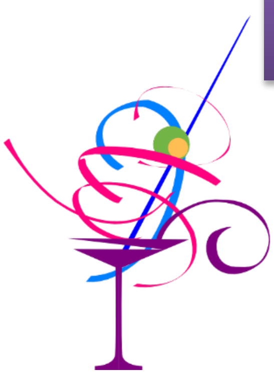
Written materials relating to an item on this Agenda that are distributed to the JPIA within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.

BOARD OF DIRECTORS' RECEPTION

5:00 to 6:00 PM – Grand Nave Foyer

***Many thanks to our Reception Sponsors*:**

- Alliant Insurance Services, Inc.
- Barber & Bauermeister
- bswift
- Cohen & Burge, LLP
- Cueno Black Ward & Missler
- Donahue Davies, LLP
- Law Offices of Robert Gokoo
- Jacobson Markham, LLP
- Mannning & Kass, Ellrod, Ramirez, Trester, LLP
- Meyers Fozi & Dwork, LLP
- Occu-Med
- Rankin Stock Heaberlin Oneal
- Vector Solutions



Unapproved Minutes

Board of Directors' Meeting

Pasadena Convention Center
300 E. Green Street
Pasadena, California 91101

November 29, 2021

VOTING REPORT

See the list following the minutes.

NON-VOTING PARTICIPANTS

See the list of attendees.

STAFF PRESENT

See attendance list.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

President Gladbach called the meeting to order at 1:32 p.m., welcomed everyone to Fall Conference in Pasadena, and announced that a quorum was present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by President Gladbach.

EVACUATION PROCEDURES

Mr. Sells reviewed the building evacuation procedures.

ANNOUNCEMENT RECORDING OF MEETING

President Gladbach announced that the meeting was being recorded to assist in preparation of minutes and that the recording would only be kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

As stated in the agenda, members of the public would be allowed to address the Board of Directors on any agenda item prior to the Board's decision on that item. Comments on any issues which may or may not be on the agenda were also welcome. No comments were brought forward.

WELCOME AND INTRODUCTION OF GUESTS

President Gladbach welcomed all in attendance and introduced the Executive Committee members, ACWA and JPIA staff in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

President Gladbach asked for any additions to or deletions from the agenda; none were noted.

CONSENT CALENDAR

President Gladbach called for approval of the Consent Calendar.

> **Motion**: That the Board of Directors approve the minutes of the May 10, 2021 meeting, as presented.
> *Motioner:* *Pamela Tobin, San Juan Water District*
> *Seconder:* *Peer Swan, Irvine Ranch Water District*
> (84-Yes; 0-No; 4-Abstain)
> **See voting report following the minutes.*

ADMINISTRATION

Glossary of Terms
President Gladbach directed the Board to the Glossary of Terms at the beginning of the conference packet. It was suggested that they become acquainted with the terms used in this meeting and to inform staff of any other terms used in this meeting that need to be included.

Ratify New Member Agencies
Ms. Sells noted that at each Board meeting, a list of new members is provided for membership ratification. Since the last Board of Directors' meeting, the following agencies have become members of the JPIA: Groundwater Banking Joint Powers Authority and Bear Valley Basin Groundwater Sustainability Agency.

> **Motion**: That the Board of Directors approve to ratify the following agencies as members of the JPIA: Groundwater Banking Joint Powers Authority and Bear Valley Basin Groundwater Sustainability Agency.
> *Motioner:* *Jace Schwarm San Dieguito Water District*
> *Seconder:* *Jack Burgett, North Coast County Water District*
> (86-Yes; 2-No; 0-Abstain)
> **See voting report following the minutes.*

Changes to the JPIA Bylaws
Mr. Greenfield presented a revision to the Bylaws in in Article VIII, Sections 1 and 2 regarding Nonclaim Disputes Definition and Procedure.

> **Motion**: That the Board of Directors approve the revision to the Bylaws, as presented.
> *Motioner:* *T. Milford Harrison, San Bernardino Valley Municipal Water District*
> *Seconder:* *Pamela Tobin, San Juan Water District*
> (87-Yes; 0-No; 0-Abstain)
> **See voting report following the minutes.*

Conflict of Interest Code
Mr. Sells stated that the JPIA received accreditation with the California Association of Joint Powers Authorities (CAJPA) in 2015. CAJPA is a self-governed association of public risk sharing pools in the state of California. The accreditation process is an in-depth peer review of the JPIA's policies, procedures and practices. As part of the accreditation process, the JPIA's Conflict of Interest Code is to be reviewed and approved by the Board of Directors every two years. The code is submitted to the FPPC whenever any changes are made. In the event there are no changes, the code is submitted to the FPPC for approval every two years.

> **Motion:** That the Board of Directors approve the JPIA Conflict of Interest Code, as presented, pending approval by the FPPC.
> *Motioner:* *Jack Burgett, North Coast County Water District*
> *Seconder:* *Robert Lewis, Rowland Water District*
> (88-Yes; 0-No; 0-Abstain)
> **See voting report following the minutes.*

Resolution to Honor Thomas Cuquet
President Gladbach stated that Director Thomas Cuquet of South Sutter Water District has resigned from the JPIA's Executive Committee after 20 years of service. The JPIA would like to show their appreciation to Director Cuquet for his many years of service to the JPIA and its members. Director Cuquet has served on the Executive Committee for 20 years. He also served as Vice-President of the JPIA Board of Directors, Chair of the Property Program Committee and the Finance & Audit Committee, Vice-chair of the Workers' Compensation Program Committee and Vice-chair of the Personnel Committee. In addition, Director Cuquet was the Chair of the California Water Insurance Fund Board of Directors from October 2019 to June 2021 and has been instrumental in getting the Captive up and running.

> **Motion:** That the Board of Directors approve the proposed resolution honoring Thomas A. Cuquet, as presented.
> *Motioner:* *Brent Hastey, Yuba Water Agency*
> *Seconder:* *J. Bruce Rupp, Humboldt Bay Municipal Water District*
> (88-Yes; 0-No; 0-Abstain)
> **See voting report following the minutes.*

ACWA Presentation
Mr. Eggerton, ACWA Executive Director, noted the continued working relationship between ACWA and the JPIA in meeting members' needs, and provided an overview of ACWA's accomplishments in the past year and future programs.

FINANCIAL

Investment Policy
Mr. deBernardi stated that every year, per the JPIA Bylaws, the Investment Policy must be approved by the Board of Directors. The Finance & Audit Committee and the

Executive Committee have both reviewed the proposed Investment Policy and recommended approval by the Board of Directors as presented.

> **Motion:** That the Board of Directors approve the proposed changes to the Investment Policy, as presented.
> *Motioner:* *Jack Burgett, North Coast County Water District*
> *Seconder:* *Scott Quady, Calleguas Municipal Water District*
> (88-Yes; 0-No; 0-Abstain)
> **See voting report following the minutes.*

GFOA Certificate of Achievement for Excellence
Mr. deBernardi shared that the JPIA submitted for review its recent comprehensive annual financial report to the Government Finance Officers Association (GFOA). Unfortunately, there has been a delay in the award notification. The JPIA will report on this agenda item at the next Board of Directors meeting at spring conference.

PROGRAMS

Pooled Programs Update
Mr. Sells stated the JPIA continues to offer its members stability through a strong financial position, experienced management, and an unwavering and growing member participation. Each pooled program stands alone meaning they are separately funded and managed. The Programs have different levels of members participating, as not all members partake in all programs. Over the recent years, the member participation gaps are narrowing with improved pricing, expanded coverages, increased outreach program, and a coordinated focus on customer service. Mr. Sells reviewed the highlights for each program.

- The Liability Program has approximately 340 members and has been very stable with no price increase in the last 15 years.
- The Property Program has approximately 285 members and has a 15% rate increase in pricing this year. Catastrophic events continue to dominate pricing for this program.
- The Workers' Compensation Program has approximately 200 members with pricing very stable and unchanged for the current year. Challenges in this program include legislative changes which affects the rates.
- The Employee Benefits Program has approximately 265 members. For the current renewal, rates for the self-funded Anthem PPO plan were reduced by 5% with other self-insured program remaining unchanged.

President's Awards
Mr. Sells stated that each year at Fall Conference, the JPIA recognizes those members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation Programs. Those members receive the "President's Special Recognition Award". The data for this calculation is for a three-year period, 2017-2020, as of September 30, 2021. The Board packet lists all the districts receiving this special recognition and printed awards will be mailed directly.

California Water Insurance Fund (CWIF)
Mr. Sells provided a brief report on CWIF's current financial status. He reported that as of September 30, 2021, the book value of the CWIF portfolio was $66,397,134 vs. a market value of $76,389,018. The rate of return since inception is approximately 15.45% vs. a rate of return on the JPIA portfolio of approximately 1.49%.

Mr. Sells also noted the four new CWIF board members from the Executive Committee: Jerry Gladbach, Bruce Rupp, Brent Hastey, and Fred Bockmiller. Jerry Gladbach was voted Chairman and Bruce Rupp was voted Vice-chair.

MEMBERSHIP BENEFITS

H.R. LaBounty Safety Awards Program
Mr. Kuchinsky stated that results of the Safety Awards Program are announced each spring and fall at the JPIA Conferences and that the JPIA selected nominees demonstrating proactive safety contributions. For Fall 2021, there were 28 nominations submitted from 12 members. The winners of the awards were noted in the packet and a few examples of the winning safety contributions were presented. Risk Control Advisors continually promote the H.R. LaBounty Safety Awards Program during site visits and training classes to encourage members to engage their staff and continuously improve their safety programs.

Training Update
Ms. Slaven noted that with member employees operating between home offices and agency facilities and health/safety requirements varying throughout the state, the need for flexible, quality online learning options in lieu of in-person training has continued throughout this fiscal year. Online learning options continue to be in demand, especially live webinar trainings and events. The JPIA has partnered with additional vendors to purchase needed online options and will continue to expand virtual offerings via live, instructor-led courses and eLearning while also optimistically focusing on safe, effective options for returning to the in-person classroom in 2022.

Human Resources
Ms. Slaven started her presentation by providing a brief overview of the changes that have transpired at the JPIA office this year. Among the changes are as follows: a new Remote Work Policy was adopted; six new employees were hired and onboarded since August 2021; and implementation of Workers' Compensation related legislative changes. The JPIA has also been busy relaying information to agencies, helping them navigate the numerous changes and answering their questions. Two statewide virtual human resource meetings were held this year, and the monthly Hot Java and Hot HR topics webinars were attended by hundreds of participants throughout the year. Three webinars are planned in the coming months regarding New Laws for 2022.

Employment Hotline Incentive Update
Mr. Greenfield stated that the Employment Hotline (Hotline) has been a long-standing value-added service to members in the Liability Program. Members are able to contact JPIA staff to obtain immediate responses to Labor and Employment concerns. Since the inception of the Hotline, approximately 10 years ago, there have been hundreds of contacts and only one contact has ultimately proceeded to litigation. However, the JPIA receives many employment practices claims annually that have not utilized the Hotline. Early intervention in employment matters has proven to be an effective method of claim reduction. In an effort to incentivize the use of the Employment Hotline, the JPIA is introducing a monetary award for use of the Hotline. If a member in the Liability Program contacts the Employment Hotline, giving the JPIA a meaningful opportunity to avoid any claim, and a lawsuit is ultimately filed, the member will receive a check in the amount of $5,000 after $5,000 of expenses has been incurred on the matter.

CEO UPDATE

Current Events
Mr. Sells provided an update on the current events at the JPIA. Adrienne Beatty was recently hired as the new Assistant Executive Officer. Due to Tom Cuquet leaving, there is an opening in the Executive Committee for term ending May 2023. If interested, please send in your Letter of Interest and Qualifications to the JPIA. The Risk Advisors are slowly getting back to providing in-person Risk Assessment Surveys. The next Safety Grant Program will be presented at Spring Conference 2023.

OTHER BUSINESS

Pending Lawsuits
Mr. Greenfield reported that there is currently one pending claim.

Town Hall Meeting and Board of Directors' Reception
President Gladbach announced that there would be a reception in the Ballroom Lobby following the Town Hall meeting. He made a special note of the reception sponsors: Alliant Insurance Services, Inc.; Cohen & Burge, LLP; Donahue Davies, LLP; Jacobson Markham, LLP; Law Offices of Robert Gokoo; Meyers Fozi & Dwork, LLP; Rankin Stock Heaberlin Oneal; and VSP.

President Gladbach called for adjournment of the Board of Directors' meeting at 3:49 p.m.

Attest:

X	X
E. G. "Jerry" Gladbach Chairman	Walter A. Sells Secretary

JPIA BOARD OF DIRECTORS MEETING, NOVEMBER 29, 2021
LIST OF NON-VOTING ATTENDEES AND JPIA STAFF IN ATTENDANCE

District / Organization	First Name	Last Name	Position
ACWA	David	Eggerton	Executive Director
ACWA	Tiffany	Giammona	Director of Member Outreach
ACWA JPIA	Adrienne	Beatty	Assistant Executive Officer
ACWA JPIA	Chimene	Camacho	Executive Assistant (Recording Secretary)
ACWA JPIA	Sarah	Crawford	Training Manager
ACWA JPIA	David	deBernardi	Director of Finance
ACWA JPIA	Robin	Flint	Risk Control Manager
ACWA JPIA	Robert	Greenfield	General Counsel
ACWA JPIA	Peter	Kuchinsky	Lead Risk Control Advisor
ACWA JPIA	Jackie	Rech	Benefits Specialist
ACWA JPIA	Sylvia	Robinson	Publications & Web Editor
ACWA JPIA	Jillian	Sciancalepore	Administrative Assistant II
ACWA JPIA	Andy	Sells	Chief Executive Officer
ACWA JPIA	Patricia	Slaven	Director of HR/Admin.
ACWA JPIA	Sandra	Smith	Employee Benefits Manager
ACWA JPIA	Dan	Steele	Finance Manager
Central Basin Municipal Water District	Martha	Camacho-Rodriguez	Director
Hi-Desert Water District	Paul	Peschel	General Manager
Humboldt Bay Municipal Water District	John	Friedenbach	General Manager
Mission Springs Water District	Arden	Wallum	General Manager
Rincon Del Diablo Water District	Inki	Welch	Director

JPIA Board of Directors Meeting 11.29.2021, Pasadena, California - VOTING SUMMARY

Member	First	Last	Keypad #	Minutes 5.10.21	New Agencies	Bylaws	Conflict Code	Cuquet Resolution	Investment Policy
Alameda County Flood Control & WCD, Zone 7 Water Agency	Laurene	Green	55	1	1	1	1	1	1
Alameda County Water District	John	Weed	52	1	1	1	1	1	1
Antelope Valley State Water Contractors Association	Gloria	Dizmang	26	1	1	1	1	1	1
Arroyo Santa Rosa Basin Groundwater Sustainability Agency	Eugene	West	29	1	1	1	1	1	1
Banta Carbona Irrigation District	David	Weisenberger	47	1	1	1	1	1	1
Bedford-Coldwater Groundwater Sustainability Agency	Paul	Rodriguez	7	1	1	1	1	1	1
Calaveras County Water District	Scott	Ratterman	6	1	2	1	1	1	1
Calleguas Municipal Water District	Scott	Quady	8	1	1	1	1	1	1
Camrosa Water District	Eugene	West	10	1	1	1	1	1	1
Carmichael Water District	Mark	Emmerson	48	1	1	1	1	1	1
Carpinteria Valley Water District	Robert	McDonald	51	1	1	1	1	1	1
Chino Basin Watermaster	Bob	Kuhn	54	1	1	1	1	1	1
Citrus Heights Water District	David	Wheaton	86	3	1	1	1	1	1
Cucamonga Valley Water District	Randall J.	Reed	28	1	1	1	1	1	1
Desert Water Agency	James	Cioffi	27	1	1	1	1	1	1
Devil's Den Water District	E.G. "Jerry"	Gladbach	1	1	1	1	1	1	1
El Toro Water District	Kathryn	Freshley	9	1	1	1	1	1	1
Elsinore Valley Municipal Water District	Andy	Morris	25	1	1	1	1	1	1
Fallbrook Public Utility District	Jennifer	DeMeo	60	1	1	1	1	1	1
Foothill Municipal Water District	Melvin	Matthews	12	1	1	1	1	1	1
Fresno Metropolitan Flood Control District	Peter	Sanchez	46	1	1	1	1	1	1
Friant Power Authority	Carl	Janzen	13	1	1	1	1	1	1
Georgetown Divide Public Utility District	Michael	Saunders	58	1	1	1	1	1	1
Goleta Water District	William	Rosen	11	1	1	1	1	1	1
Helix Water District	Daniel	McMillan	85	1	1	1	1	1	1
Hidden Valley Lake CSD	Sean	Millerick	14	1	2	1	1	1	1
Humboldt Bay Municipal Water District	J. Bruce	Rupp	70	1	1	1	1	1	1
Indian Wells Valley Water District	Mallory	Boyd	45	1	1	1	1	1	1
Irvine Ranch WD	Peer	Swan	56	1	1		1	1	1
Joshua Basin Water District	Rebecca	Unger	53	1	1	1	1	1	1
Kings River Conservation District	Chris	Kapheim	42	1	1	1	1	1	1
Kinneloa Irrigation District	Melvin	Matthews	73	1	1	1	1	1	1
La Habra Heights County Water District	Michael	Gualtieri	43	1	1	1	1	1	1
Lake Arrowhead CSD	Catherine	Cerri	71	1	1	1	1	1	1
Las Virgenes Municipal Water District	Charles	Caspary	15	1	1	1	1	1	1

Madera Irrigation District	Carl	Janzen	23	1	1	1	1	1	1
Madera-Chowchilla Water & Power Authority	Carl	Janzen	22	1	1	1	1	1	1
Main San Gabriel Basin Watermaster	Anthony	Zampiello	4	1	1	1	1	1	1
Mesa Water District	Fred	Bockmiller	24	1	1	1	1	1	1
Mid-Peninsula Water District	Tammy	Rudock	40	1	1	1	1	1	1
Mission Springs Water District	Nancy	Wright	72	1	1	1	1	1	1
Monte Vista Water District	Sandra	Rose	84	3	1	1	1	1	1
Montecito Water District	Floyd	Wicks	59	1	1	1	1	1	1
North Coast County Water District	Jack	Burgett	5	1	1	1	1	1	1
Oakdale Irrigation District	Thomas	Orvis	41	1	1	1	1	1	1
Orange County Water District	Cathy	Green	74	1	1	1	1	1	1
Orchard Dale Water District	Dennis	Azevedo	57	1	1	1	1	1	1
Palmdale Water District	Gloria	Dizmang	49	1	1	1	1	1	1
Purissima Hills Water District	Stephen	Jordon	75	1	1	1	1	1	1
Rainbow Municipal Water District	Michael	Mack	77	1	1	1	1	1	1
Rancho California Water District	William E	Plummer	78	1	1	1	1	1	1
Regional Water Authority	Pam	Tobin	76	1	1	1	1	1	1
Rincon Del Diablo Municipal Water District	David A.	Drake	62	1	1	1	1	1	1
Rosamond CSD	Byron	Glennan	21	1	1	1	1	1	1
Rowland Water District	Robert W.	Lewis	30	1	1	1	1	1	1
Sacramento Groundwater Authority	Pam	Tobin	67	1	1	1	1	1	1
San Bernardino Valley Municipal Water District	T. Milford	Harrison	50	1	1	1	1	1	1
San Bernardino Valley Water Conservation District	Melody A.	McDonald	64	1	1	1	1	1	1
San Dieguito Water District	Jace	Schwarm	16	1	1	1	1	1	1
San Gabriel Basin Water Quality Authority	Bob	Kuhn	63	1	1	1	1	1	1
San Gorgonio Pass Water Agency	Robert	Ybarra	36	1	1	1	1	1	1
San Juan Water District	Pam	Tobin	66	1	1	1	1	1	1
San Luis Water District	Janet	Roy	18	1	1	1	1	1	1
Santa Clarita Valley Groundwater Sustainability Agency	Gary	Martin	34	1	1	1	1	1	1
Santa Clarita Valley Water Agency	E.G. "Jerry"	Gladbach	3	1	1	1	1	1	1
Santa Margarita Groundwater Agency	Piret	Harmon	19	1	1	1	1	1	1
Santa Margarita Water District	Saundra	Jacobs	32	1	1	1	1	1	1
Santa Rosa Regional Resources Authority	Andy	Morris	37	1	1	1	1	1	1
Scotts Valley Water District	Chris	Perri	88	1	1	1	1	1	1
Sierra Highlands Community Services District	Fred	Finkbeiner	35	1	1	1	1	1	1
Solano Irrigation District	Cary	Keaten	68	1	1	1	1	1	1
South Coast Water District	William	Green	33	1	1	1	1	1	1

South San Joaquin Irrigation District	Glenn	Spyksma	39	1	1	1	1	1	1
Sweetwater Authority	Steve	Castaneda	81	1	1	1	1	1	1
Tahoe City Public Utility District	Sean	Barclay	31	3	1	1	1	1	1
Tehachapi-Cummings County Water District	Jonathan	Hall	44	1	1	1	1	1	1
Three Valleys Municipal Water District	Frederick "Brian"	Bowcock	80	1	1	1	1	1	1
Tri-Dam Project	Jarom	Zimmerman	69	1	1	1	1	1	1
Tuolumne Utilities District	Jeff	Kerns	82	1	1	1	1	1	1
United Water Conservation District	Bruce E	Dandy	83	1	1	1	1	1	1
Upper Santa Clara Valley JPA	E.G. "Jerry"	Gladbach	2	1	1	1	1	1	1
Valley Center Municipal Water District	Oliver	Smith	61	3	1	1	1	1	1
Valley County Water District	David	Muse	38	1	1	1	1	1	1
Vista Irrigation District	Paul E.	Dorey	87	1	1	1	1	1	1
Western Municipal Water District	Gracie	Torres	89	1	1	1	1	1	1
Yolo County Flood Control & Water Conservation District	Tom	Barth	17	1	1	1	1	1	1
Yolo Subbasin Groundwater Agency	Tom	Barth	20	1	1	1	1	1	1
Yorba Linda Water District	Brooke	Jones	79	1	1	1	1	1	1

ACWA JPIA
Qualified Candidates and Voting Procedures & Rules for the Executive Committee Special Election
May 2, 2022

BACKGROUND

The JPIA's Bylaws provide that the Executive Committee be a Committee elected by the Board of Directors, each position be elected for a four-year term, and elections be held in every odd numbered year. The Bylaws also provide that the Board of Directors may elect a member of the Executive Committee at any time to fill any vacancy or vacancies or seat filled on an interim basis by the Executive Committee.

CURRENT SITUATION

This election will fill a vacant Executive Committee member position for the remainder of its term, until May 2025. The qualified candidates are as follows.

Chris Kapheim – Kings River Conservation District

Pam Tobin – San Juan Water District

John Weed – Alameda County Water District

The election procedures and rules are listed on the following page. Also included are the candidates' statements of qualifications.

REQUIRED ACTION

Each candidate will be given three minutes to address the Board before the votes are cast. The voting procedures will be reviewed, and the Board members will be asked to cast their votes. The three directors appointed as election inspectors and one JPIA staff member will collect the ballots and tally the votes.

Prepared by: Sylvia Robinson, Publications & Web Editor Date prepared: April 8, 2022

Executive Committee Special Election

Procedures & Rules

For the May 2, 2022, Special Election to Be Held During the
JPIA's Board of Directors' Meeting at the
Sheraton Grand Hotel in Sacramento, CA

The procedures and rules for the May 2, 2022, Special Election are as follows:

1. The ballots with the names of all qualified candidates will be distributed at the entrance to the meeting room before the meeting is called to order.

2. Only the JPIA Board of Directors member or Alternate Board of Directors member may obtain the ballot.

3. Only those JPIA members with either a Director or Alternate Director present may vote. **PROXY VOTING IS NOT PERMITTED.**

4. Additional color-coded ballots will be supplied for any necessary subsequent balloting.

5. Ballots are counted by the election inspectors and the results announced at the board meeting.

6. All nominated candidates will run for election at the same time. The candidate with the greatest number of majority votes shall be elected.

7. Since the Bylaws require a **majority vote** to elect Executive Committee members (Article II, Section 9), subsequent ballots may be required if none of the candidates receive a majority of votes from the members present and voting.

8. If none of the candidates receive a majority of cast votes, a subsequent ballot will be held with the two candidates who receive the most votes to run for **the vacancy.**

9. If a tie vote occurs in a preliminary ballot (majority of votes not obtained by required number of candidates), the tied candidates will be included in the subsequent ballot if they have received the required number of ballots as determined in seven (7) above.

10. If a tie vote occurs in a final ballot (two candidates for one office or position) the presiding officer will designate one of the tied candidates to call a coin toss, by the presiding officer, to determine the election results.

Prepared by: Sylvia Robinson, Publications & Web Editor Date prepared: April 8, 2022

Chris M. Kapheim Statement of Qualifications

I believe it is important for the San Joaquin Valley (Valley) to have representation on the ACWA JPIA Executive Committee. The Valley comprises 8 counties, which has 5 million acres of irrigated agriculture and a population of over 4 million people.

I was born and raised on a family farm in Dinuba, California. My family has farmed in the Dinuba area for over 100 years. I have been involved in production agriculture for over 30 years growing peaches, plums, grapes and pistachios. I graduated from California Polytechnic State University in1977 with a degree in Soil Science. Furthermore, I graduated from the California Agricultural Leadership, Class 26, in 1996.

Water is the life-blood for the Valley. I was General Manager for the Alta Irrigation District from 1983 to 2016. Alta Irrigation District encompasses 129,000 acres in Tulare, Kings and Fresno counties with its primary tasks being irrigation water deliveries and groundwater recharge. Prior to my retirement in 2016, I was instrumental in developing the governance structure for of the Kings River East Groundwater Sustainability Agency. In 2019, I was elected to the Kings River Conservation District Board of Directors (KRCD). KRCD is a collaborative resource management agency serving agriculture, business, and residential communities within 1.2 million acres spanning portions of Fresno, Kings and Tulare counties. KRCD's areas of focus include energy, water, and environmental resources.
My experience includes regional and statewide efforts:

Past member Tulare County Planning Commission
Past Chairman of ACWA's Water Management Committee
Past member of ACWA's Board of Directors
Past member of ACWA's Legislative Committee
Past member of ACWA JPIA's Liability Committee

As a long-time general manager of a large irrigation district in the San Joaquin Valley, I believe I have the knowledge and understanding that is required to serve on ACWA JPIA Executive Committee.

Elect Pam Tobin to ACWA/JPIA Executive Committee

Pamela E. Tobin
Director, San Juan Water District

OBJECTIVE: To align with the core values of ACWA/JPIA to ensure the implementation of policies and services that best meet members' insurance needs. I would like to continue contributing my skills in coalition-building and collaboration, contract negotiations and financial leadership, organizational governance, policy development, and strategic planning to the ACWA/JPIA Executive Committee.

STATEMENT OF QUALIFICATIONS:

- ACWA/JPIA Leadership—Executive Committee and Liability Management Committee, 2020-2021
- ACWA/JPIA Board, 2016-present
- ACWA Leadership—President, 2021-present; Vice President, 2019-2021; Executive Committee, 2019-present; Federal Affairs Committee, 2014-2019; Local Government Committee, 2014-2015
- San Juan Water District, 2004-present—Director; Four-Term Board President; Chair/Vice Chair of various Committees (Engineering, Finance, Pension Reform Ad Hoc, Personnel, Public Information, Regional Water Authority, Sacramento Groundwater Authority)

BIOGRAPHY: Pamela E. Tobin represents Division 2, encompassing the Granite Bay area in Placer County, on the San Juan Water District (SJWD) Board of Directors. Having been SJWD Board President for four prior terms -- in 2007, 2012, 2016, and 2020 -- Director Tobin serves as President of the Association of California Water Agencies (ACWA), and she previously served as ACWA Vice President.

Director Tobin also represents SJWD on the Board of the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA), having recently served on the ACWA/JPIA Executive Committee and Liability Management Committee.

As an elected and appointed official, Director Tobin has over 17 years of involvement with local, regional, and statewide water issues. To further her passion of assisting nonprofit and public agencies to fulfill their mission of serving customers and the community, Director Tobin has used her coalition-building and collaboration skills to actively contribute to organizational finance and governance, and water policy development.

Throughout her elected service, Director Tobin has served on the Board of the Regional Water Authority (RWA), including serving as Chair (in 2012) and on its Executive Committee (2011-2014, 2016-2019). In 2018, she received RWA's Distinguished Service Award. Additionally, the Volunteer Center of Sacramento honored Director Tobin with a "Volunteer Spirit Award, Sacramento Community Change Maker" in 2007.

Throughout her ACWA and ACWA/JPIA service, Director Tobin has championed, and continues to focus on, how the organizations can best serve members, including assisting members in adapting to COVID-19, and developing innovative programs that fostered connections and improved communications and information-sharing among and between ACWA, ACWA/JPIA, and its members.

Enthusiastic about contributing to her community, Director Tobin's volunteer service includes over 40 years as President and Rescue Chair for the Sierra Pacific Great Pyrenees Rescue Program, a nonprofit organization committed to saving the lives of abandoned, abused, injured, and sick dogs. Director Tobin developed the organization's 501C3 nonprofit status and she manages the organization's Board and other volunteers. Also, she dedicated 20 years as a Tester/Observer with the Alliance of Therapy Dogs to improve infirmed and youth patients' quality of life; and, for over 14 years, she has been a 4-H Club of Placer County Community Leader, developing and directing the agriculture and non-agriculture programs for over 150 youth members.

John H. Weed

Biography

Mr. John H. Weed is the current Board President of the Alameda County Water District (ACWD) and has served on the ACWD Board since 1995. He is an attorney, member of California Bar, and also works in property development as President of Niles Properties, Inc. He has military experience as a Civil Engineer and water utility consultant with the United States Air Force on installations worldwide. He retired as a Colonel with the U.S. Air Force Reserves in 2000. He was previously employed as an Engineer Technician with the Santa Clara Valley Water District and was the Special Assistant to the Division Manager of Ordnance Engineering at FMC Corporation. Mr. Weed formerly served as an elected Trustee of the Ohlone Community College District from 1977 to 2010.

He currently serves on the Board of Directors of the Bay Area Water Supply and Conservation Agency and is an appointed member of the Alameda County Assessment Appeals Board. Mr. Weed also serves on the Federal Affairs Committee of the Association of California Water Agencies (ACWA) and is past Chair of the ACWA Region 5 Council. He serves as Alternate Director on the Board of the California Delta Conveyance Design and Construction Authority, a member of the Risk Management Committee of Joint Power Insurance Authority of ACWA, President of the Washington Township Historical Society, and member of the Newark Rotary Club.

Mr. Weed has a Bachelor of Science degree in Civil Engineering, and Juris Doctor degree from the University of Santa Clara. He has a Master of Business Administration degree in Finance from Eastern New Mexico University. He conducted doctoral-level graduate studies in Water Resource Administration, and Graduate Research Associate in Agricultural Economics at the University of Arizona.

ACWA JPIA
Qualified Candidates for the California Water Insurance Fund Election
May 2, 2022

BACKGROUND
This election is for two positions on the California Water Insurance Fund (CWIF) Board. The seven-member CWIF Board is made up of four current Executive Committee members, a resident of Utah (a Utah State requirement) and two members who are elected at large from the JPIA's Board of Directors.

CURRENT SITUATION
This election will fill two CWIF Board member positions for a term of two years each. The qualified candidates are as follows.

Andrew Morris – Santa Rosa Regional Resources Authority *(Incumbent)*

Scott H. Quady – Calleguas Municipal Water District *(Incumbent)*

The candidates' statements of qualifications follow.

REQUIRED ACTION
The Board members will be asked to vote.

Prepared by: Sylvia Robinson, Publications & Web Editor Date prepared: April 8, 2022

Andrew Morris

Statement of Candidacy

I was elected to the Board of Directors of the Elsinore Valley Municipal Water District (EVMWD) in 2010. EVMWD provides water and sewer service to over 100,000 customers, throughout its 96 square mile service area. I am member of several committees on behalf of EVMWD, including the Water Planning Committee, which focuses on securing infrastructure and natural resources to decrease the dependency on imported water, and to provide safe and reliable water supply.

I am also currently serving as Vice-Chair for The Santa Rosa Regional Resources Joint Power Authority (SRRRA) which was formed in 2015 for the operation, maintenance, and administration of the Santa Rosa Water Reclamation Facilities. SRRRA provides sewer services to portions of southern and western Riverside County.

I was involved in the creation and establishment of the SRRRA from inception and believe that knowledge and experience helped me to be a productive member of the California Water Insurance Fund. As the first elected at large member to CWIF board, I participated in the creation of the investment policy that we are using today.

I am a graduate of California State University Fullerton, with a Bachelor of Arts Degree in History. I have owned and operated the Andrew Morris Insurance Agency in Wildomar for over 30 years specializing in Property and Casualty, Life and Health and Financial Products. I am a Registered Representative and hold a Series 6 and 63 securities licenses. I am confident that I have the necessary experience and knowledge to recognize the importance of risk management, asset management and having proper coverages and precautions in place.

I am asking for your support and I'm appreciative of your trust and concurrence in my continued service as the at large member on California Water Insurance Fund board.

Scott Quady

Scott has served on California Water Insurance Fund Board since May 2019. He has extensive knowledge of the water industry & public agency finance.

As Calleguas' Board Treasurer and Chair of the Finance Committee he has improved accountability and transparency by instituting formal policies for financial matters as well as committee workshops to thoroughly review key financial documents.

Scott is committed to service and fiscal responsibility.

Experience as a water district board member

Scott was elected to the Calleguas Municipal Water District (Calleguas) Board of Directors in November 2008, serving as Board President from 2012 through 2016. He has served as Treasurer and Chair of the Finance Committee since 2016 and as Chair of the Water Quality and Operations Committee since 2012.

As Chair of the Calleguas Finance Committee, Scott has taken a leadership role in updating the Investment Policy (later certified by the California Municipal Treasurers Association), establishing a Debt Management Policy, and establishing guidelines for funding of post-employment benefits.

Since 2012 Scott has been Calleguas' voting member on the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) and serves on the ACWA Water Quality and Water Management Committees. Since 2016 he has represented Calleguas on the Board of Directors of the Ventura County Regional Energy Alliance.

Extensive professional experience in the water industry

Scott has over 35 years of water-related experience.

- 2001 to 2017 (ret.) - Environmental Resource Analyst, Ventura Regional Sanitation District
- 1989 to 2001 - Laboratory Manager, United Water Services, JMM Operational Services
- 1978 to 1988 - Laboratory Supervisor, Las Virgenes Municipal Water District

He also has several degrees and certifications applicable to the water industry.

- Bachelor of Science degree in biochemistry from Cal Poly San Luis Obispo
- Master of Science Degree in environmental science from Loyola Marymount
- Engineer-In-Training (EIT) certificate from the California Department of Consumer Affairs
- Water Treatment Operator (Grade 2) from the SWRCB Division of Drinking Water
- Management level certifications (Grade 4) from the California Water Environment Association (CWEA) for both Laboratory Analyst and Environmental Compliance Inspector

Scott has lived in the Thousand Oaks area since 1969; now with his wife of 32 years, Marilee, and a four-legged child, Whitney (Rottweiler).

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ACWA JPIA
Glossary of Terms
May 2, 2022

BACKGROUND
Communications and documents prepared by the JPIA frequently use words, phrases, and acronyms that may not be familiar to many readers. These terms might be unique to the JPIA, to public entity risk-sharing pools, or to the insurance industry.

PRESENT SITUATION
In order to eliminate confusion and to better help members understand the material presented by the JPIA, the following "Glossary of Terms" has been prepared. This is also included in the JPIA's Board of Directors' Manual, which is available to each Director appointed to the Board of Directors on the JPIA website, www.acwajpia.com.

Members are requested to let the staff know if there is a term, abbreviation, or acronym that needs to be included in the future.

RECOMMENDATION
None, informational only.

Prepared by: Chimene Camacho, Executive Assistant to the CEO   Date prepared: March 21, 2022

Section 12 — Glossary of Terms

ACA (Affordable Care Act) – The federal statute signed into law in March 2010. Signed under the title of The Patient Protection and Affordable Care Act, the law includes multiple provisions that will take effect over a matter of years.

ACOEM Guidelines (American College of Occupational and Environmental Medicine) – A medical utilization review system of evidence-based, nationally recognized standards of medical care. Utilization of ACOEM Guidelines is intended to control over-utilization and end unreasonable medical care.

ACV (Actual Cash Value) – Value of property at the time of its loss or damage, determined by subtracting depreciation of the item from its replacement cost. Applies to vehicles and mobile (contractor's) equipment covered under the JPIA's MOPC, hypalon reservoir covers, hypalon bladder tanks, and other property subject to a higher rate of depreciation than the typical property types.

AD&D (Accidental Death and Dismemberment) – A life insurance benefit that pays a claim in the event of accidental death or loss physical functionality. Basic Life is often mirrored by an identical amount of AD&D, resulting in benefit doubling in the case of accidental death.

Adverse Selection – It is a term used in economics, insurance, risk management, and statistics. It refers to a market process in which undesired results occur when buyers and sellers have asymmetric information (access to different information); the "bad" products or services are more likely to be selected. For example, a bank that sets one price for all of its checking account customers runs the risk of being adversely selected against by its low-balance, high activity (and hence least profitable) customers. Two ways to model adverse selection are to employ signaling games and screening games.

Aggregate – The term used to describe the cumulative amount of all losses for a period of time.

AGRIP (Association of Governmental Risk Pools) – A national organization of JPAs and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes.

AIS – Associate in Insurance Services.

ALCM – Associate in Loss Control Management.

APIP – Alliant Property Insurance Program.

ARM – Associate in Risk Management.

ARM-P – Public risk management designation.

ASO (Administrative Services Only) – This refers to what self-funded plans pay to a medical claims administrator, which includes use of that claims administrator's network of providers. Providers have agreed to accept negotiated rates for services in exchange for participation in the network.

ASP – Associate Safety Professional.

Attachment Point – The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

Automobile Liability – Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles.

Automobile Physical Damage – Usually a first party coverage; however, some entities have “Bailment” or “care, custody and control” liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots.

BI – Bodily injury.

C&R (Compromise and Release) – A final settlement in workers’ compensation.

CAJPA (California Association of Joint Powers Authorities) – It is pronounced ka jaup’ a. Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs.

CAMP (California Asset Management Program) – A California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. JPIA sometimes uses it as a short term investment vehicle.

Captive Insurance Company – A Captive Insurance Company is a private corporation, wholly owned by the JPIA, that provides insurance services only to the JPIA.

CAT Fund (Catastrophic Loss Reserve Fund) – A separate JPIA reserve account designated to pay losses without additional premium assessments to members. The Fund can be used when actual incurred losses for a given coverage year exceed 150% of projected losses. A portion (currently 10%) of each member’s annual deposit premium is set aside in this fund. The monies are held, earning interest, until all claims for that coverage year are closed. At that time, the money is refunded to members or credited to their Retrospective Premium Adjustment Fund account.

CDHP (Consumer Driven Health Plan) – A health plan in which the full deductible applies to all medical and prescription services, with the only exception being preventive care. These plans must have a minimum deductible set by the IRS each year. The plans are designed to comply with IRS regulations governing Health Savings Accounts (HSAs), which allow participants to set aside tax-advantaged funds in a Health Savings Account to pay for medical expenses.

CIGA (California Insurance Guarantee Association) – A state agency that administers and pays claims on behalf of admitted insurance carriers that have been declared insolvent. Since the JPIA is not an insurance company, it does not participate in CIGA, which is funded by a surcharge on premiums. However, some of the carriers that provide excess coverage to the JPIA do participate in CIGA.

CIH – Certified Industrial Hygienist.

CIPRA (California Institute for Public Risk Analysis) – Organized to develop, analyze and disseminate information on risk management in California’s public sector, especially self-insured entities and Joint Powers Authorities.

Claim – A demand of a right. In general a demand for compensatory damages resulting from the actions of another.

Claims Made – A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. (See “Occurrence”)

CNP (Closed No Payment) – Status of a claim that was closed out without any claim payments having been made.

COB (Coordination of Benefits) – When a participant is covered by two health plans, the manner in which benefits are determined. This determination includes which plan pays first, and how benefits are calculated once the primary plan has made payment.

Coinsurance – The percentage cost sharing split between a plan and participant, which takes effect once the Deductible is met. Typically part of a PPO plan benefit design.

Copay – The flat dollar amount owed by a participant for medical plan benefits. Typically part of an HMO plan design, but applicable to certain benefits in PPO plan designs, e.g. office visits.

CPCU – Chartered Property and Casualty Underwriter.

CPRA (California Public Records Act) – a law passed by the California State Legislature and signed by the governor in 1968 requiring inspection or disclosure of governmental records to the public upon request, unless exempted by law.

CSP – Certified Safety Professional.

CWIF (California Water Insurance Fund) – ACWA JPIA’s Captive Insurance Company (see Captive).

DDC – Defensive Driving Class.

Deductible (Employee Benefits) – The amount a participant must pay in full before Co-Insurance cost sharing begins. Typically associated with PPO medical plans. Some services, like office visits, are often subject to Co-pays prior to the Deductible being met.

Deductible (Liability) – It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid. Only the JPIA’s Property Program uses a deductible.

Defense – A defendant's denial to a complaint or cause of action.

Deposit Premium – Premium required at the beginning of a policy period based on estimated costs.

DIC (Difference In Conditions) – A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA’s Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses.

Directors, Officers and Trustees Liability – Intended to protect nonprofit board members, officers, and directors for faulty decisions which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrong-doers.

EAP (Employee Assistance Program) – A benefit that provides numerous services to covered employees and eligible members of their household and/or dependents (as determined by the plan). The programs are designed to help employees manage the health of their personal lives, allowing them to be productive and focused at work.

EE – Employee.

EGWP "egg whip" (Employer Group Wavier Plan) – A group purchase program for Medicare Part D prescription drugs for retirees.

E-mod – See Experience Modification.

Employers' Liability – Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits.

Employment Liability Hotline – Contact for employment related issues.

Environmental Impairment Liability (EIL) – Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First-party (damage to owned property) and third-party (liability for damage to others) protection can often be combined.

EOB (Explanation of Benefits) – A statement issued by a PPO claims administrator for each claim that details costs for services, broken down by: full cost, network negotiated rate, ineligible amount (if any), plan responsibility and participant responsibility.

EOC (Evidence of Coverage) – The detailed document that describes a medical plan's coverage provisions.

EPL (Employment Practices Liability) – Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc. A relatively new coverage, this is one of the fastest growing areas of litigation.

ER – Employer.

Errors and Omissions Liability – Excludes bodily injury and property damage; intended to afford protection for the "misfeasance, malfeasance or non-feasance" of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys.

Excess Insurance – Insurance that is purchased to provide higher limits than the primary policy provides.

Excess Loss – The portion of a loss that is allocated to, or paid by, excess insurance. The JPIA Liability Program self-insures, through a pool, the first $1 million of each occurrence. Losses in excess of that amount are paid by an excess liability insurance policy purchased by the JPIA on behalf the Program members.

Experience Modification – A mathematical factor used to modify a member's premium in both the JPIA Liability Program and the Workers' Compensation Program. It is based on a member's previous actual loss experience compared to the average or expected loss experience. A calculated factor of greater than 1.0 is a debit and reflects higher than expected loss experience. Conversely, a factor of less than 1.0 is a credit and reflects more favorable loss experience. Also known as **E-mod, Ex-mod,** and **X-mod**.

Experience Modifier – A numerical factor developed by measuring the difference between a member's actual loss experience and the expected losses of the payroll classifications (for workers' compensation) or the average losses of the pool (for liability). The experience period used is the earliest three of the last four years. The factor may increase or decrease a member's standard premium in response to their past lost experience. Members with a favorable loss record will have a factor lower than 1.0 and will pay a lower premium. Member with a poorer loss record will have a factor greater than1.0 and will pay a higher premium. Also known as **experience modification factor, e-mod, ex-mod,** and **X-mod**.

FASB – Financial Accounting Standards Board.

Fidelity Bonds – Written as financial guarantees of employees' honesty. Personnel with money-handling responsibilities are considered exposures to loss.

Fiduciary Liability – Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds.

FLSA (Fair Labor Standards Act) – The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments.

FPPC (Fair Political Practices Commission).

FSA (Flexible Spending Account) – An account to which an employee contributes a portion of earnings to pay for certain expenses such as medical or dependent care. Contributions are exempt from payroll taxes.

FSC (Family Status Change) – See Qualifying Event.

Fully Insured Plan – A plan for which premiums are paid to an insurance company, who in turn pays claims. These plans are referred to as pass through plans in associations, because premiums are collected and remitted directly to the insurer.

Full Value – A term used in the JPIA's MOPC to provide "guaranteed" replacement cost coverage, which will pay the full cost to replace damaged property regardless of the "limit" carried. Applies to buildings and personal property.

G&A – General & Administrative.

GAAP – Generally Accepted Accounting Principles.

GASB – Governmental Accounting Standards Board.

General Liability – Written to protect the member's assets against liability for property damage of or bodily injury to third parties (see definition of parties).

GFOA (Government Finance Officers' Association) – International association whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education. The GFOA is the organization that oversees the CAFR Program.

HCR (Health Care Reform) – See Affordable Care Act.

HDHP (High Deductible Health Plan) – See Consumer Driven Health Plan (CDHP).

Health Plan – May be used to reference a medical plan, but also often refers to medical, dental and vision plans.

HIPAA (Health Insurance Portability and Accountability Act) – Federal legislation that, among other things, establishes standards for electronic medical records, and protects the privacy of a patient's protected health information. See PHI.

HMO (Health Maintenance Organization) – A plan whose benefits are limited solely to a participating network of providers, for which capitation (per head) payment is made to the participant's assigned provider, regardless of whether the participant seeks services. Claims payments are also made for services exceeding those deemed to be covered by capitation. Deductibles are not often part of an HMO plan design, with the exception of ABHPs, which utilize the network and certain elements of plan design of traditional HMOs.

HRCP (Human Resources Certification Program) – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

HSA (Health Savings Account) – A triple tax-advantaged account that allows contributions, investment growth and withdrawals for medical, dental and vision expenses, free from Federal taxes. To contribute to an HSA, an individual must be enrolled in a Consumer Driven Health Plan (CDHP). An individual does not need to be enrolled in a CDHP to withdraw the funds. Before age 65 the withdrawals must be for health expenses to avoid penalties and taxation. Upon reaching age 65, funds can be withdrawn as taxable income free from penalty. These accounts are governed by IRS Publication 969.

IBNR (Incurred But Not Reported) – This is a claim term. It is that part of the total claims that is unknown at any point in time. When a claim is reported, its final value must be estimated. The JPIA tracks how accurately it estimates and knows that historically the average claims' value will grow over time. The JPIA also understands that at any point in time occurrences have taken place that will certainly generate claims that have not yet been reported.

Incurred Loss – This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves).

Inverse Condemnation – Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages.

LAIF (Local Agency Investment Fund) – It is part of the California State Pooled Money Investment Account (PMIA), sometimes used by JPIA as a short-term investment vehicle.

LMS (Learning Management System) - a software application for the administration, documentation, tracking, reporting and delivery of education courses or training programs.

Lending Library – Library of videos, tapes, DVDs, and booklets available for borrowing by members to use in their training efforts.

Limit – The most that will be paid in a loss.

MOLC (Memorandum of Liability Coverage) – The JPIA's agreement providing liability coverage to Member Agencies.

MOPC (Memorandum of Property Coverage) – The JPIA's agreement providing property coverage to Member Agencies.

NRSRO – Nationally Recognized Statistical Rating Organization.

Occu-Med – Providers of a service program for members in the JPIA's Workers' Compensation Program, which assists in facilitating pre-employment physicals, fit-for-duty exams, etc.

Occurrence – A) In order for the JPIA to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act, which results in "damages", "bodily injury", or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented. (See "claims made")

Open Enrollment – The annual opportunity to make changes to benefits enrollment selections. JPIA health plans renew January 1. Each October through November, employees may choose to add or delete dependents, and/or switch between the available health plans. Retirees of members who choose to offer retiree open enrollment may also change plans during this period, but may not add dependents.

OOPM (Out of Pocket Maximum) – The maximum a participant will pay for covered services in a plan year.

OPEB (Other Post-Employment Benefits) – Refers to the benefits, other than pensions, that a state or local government employee receives as part of his or her package of retirement benefits. Typically, retiree medical insurance is the most significant OPEB offering, though other benefits such as life insurance are also covered by this umbrella term.

PARMA (Public Agency Risk Managers Association) – A state-wide association for risk managers in the public sector. Educational and lobbying activities.

Parties – The participants in any claim or suit are referred to as the "parties" to the action. When dealing with insurance claims, the following terms are used: **First Party -** This is the member district; **Second Party -** This is the JPIA; and **Third Party -**This is anyone other than the member or JPIA.

PBM (Pharmacy Benefit Manager) – A third-party administrator responsible for administration of pharmacy benefits and price negotiation for prescription drugs.

PCORI (Patient Centered Outcomes Research Institute) – A consortium put together by the Affordable Care Act to study health treatments and outcomes to identify cost effective treatments that result in long term health and savings. This is funded by fees charged to health plans.

PD – Property damage.

PD (Permanent Disability) – Results when an injury diminishes a worker's future earning capacity. Permanent disability is essentially the disability that remains once the employee's condition has become permanent and stationary. A worker's medical condition is considered permanent and stationary after it has reached maximum medical improvement.

PDP (Professional Development Program) – The framework for JPIA's training program, providing members' employees with opportunities to learn or refine job-related skills while pursuing certifications in their fields of interest.

PE – Registered Professional Engineer.

PEPM (Per Employee Per Month) – Refers to a cost based on the primary enrollee only in a health plan.

PHI (Protected Health Information) – Protected health information (PHI), as defined by HIPAA, is any individually identifiable information about health status, provision of health care, or payment for health care that can be linked to a specific individual. This is interpreted rather broadly and includes any part of a patient's medical record or payment history. This includes health information with data items which reasonably could be expected to allow individual identification. HIPAA applies to health information exchanged or stored electronically, to data transmitted or maintained in any other form or medium, which includes paper records, fax documents and oral communications.

Plaintiff – The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit.

PMPM (Per Member Per Month) – Refers to a cost based on each person enrolled in a health plan, including dependents.

Pooled Loss – The portion of a loss that is allocated to, or paid by, the self-insured pool. The JPIA Liability Program pools, or self-insures, the first $1 million of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

PPACA (Patient Protection and Affordable Care Act) – This is now commonly referred to as the Affordable Care Act. See Affordable Care Act.

PPD (Permanent Partial Disability) – A permanent disability rating from 1% to 99.75%. It is possible for the worker to be permanently partial disabled, even if the worker has returned to the previous job and is doing the same work as before the injury.

PPO (Preferred Provider Organization) – A type of plan design that utilizes a network of providers to provide significant discounts to participants, yet allows the participant to seek out of network services at a reduced benefit. These plans typically have a Deductible. Once the Deductible is met, Co-insurance applies, resulting in cost sharing between the plan and participant at a predetermined percentage.

PRIMA (Public Risk Management Association) – A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes.

Property Insurance – This covers the member for damage to its own property, sometimes called first-party coverage.

PTD (Permanent Total Disability) – A permanent disability rating of 100%.

QE (Qualifying Event) – An event like marriage, birth, adoption, that allows a mid-year change to benefits enrollment.

QME (Qualified Medical Evaluator) – A doctor selected from a State panel to address medical, disability, and compensability disputes between the parties.

RAP (Retrospective Allocation Point) – In the JPIA's liability and workers' compensation programs, it is that portion of each claim that the member will be responsible for when the RPA is made. The deposit premium includes an estimate of the expected losses below the RAP. It is ***not*** a deductible; the member does not pay additional money at the time of loss. RAP losses are included in the RPA calculation. Members share in the pooled losses of other members only for losses above their RAP. The Liability Program offers RAPs of $2,500; $5,000; $10,000; $25,000; and $50,000. Retentions above these amounts are treated differently; they are considered SIRs.

RC (Replacement Cost) – The cost to replace damaged property with like kind and quality, with no deduction for depreciation.

RDP (Registered Domestic Partner) – A couple registered with the State of California that is same gender of any age, or opposite gender and age 62 or above.

REA – Registered Environmental Assessor.

REHS – Registered Environmental Health Specialist.

Reinsurance – Insurance that is purchased by an insurance company (*insurer*) from another insurance company (*reinsurer*) as a means of risk management, to transfer risk from the *insurer* to the *reinsurer*. The JPIA uses a mix of both reinsurance and excess insurance in its pooled coverage programs.

Reserve – In order to budget for its expected costs, the JPIA estimates the ultimate expected total value of each claim and "reserves" part of the deposit premium to pay for it. As moneys are paid out for a claim, the reserve amount is decreased.

RIMS (Risk and Insurance Management Society) – National professional organization to promote principles of risk management and assist risk managers in their daily activities.

Risk Control – Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others.

Risk Financing – Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses using an outside intermediary for a consideration (such as a payment of a premium). Each agency that participates in the JPIA practices these techniques. Losses are retained to the extent of an agency's RAP; they are transferred to the JPIA pool in excess of this amount.

Risk Management – One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing.

RPA (Retrospective Premium Adjustment) – At the beginning of each policy period, the JPIA collects a deposit premium representing the estimated costs for that year. Forty-five months after its inception, the JPIA looks back at that estimate and determines how accurate it was and makes an RPA. If it collected too much, a refund is made. If it collected too little, the member is charged for the difference. The process is repeated annually for each coverage year until all claims for that year are closed out.

RPA Fund (Retrospective Premium Adjustment Stabilization Fund) – A separate JPIA fund designed to stabilize the RPA process. A member's refunds from the Catastrophic Loss Fund and from the RPA process are credited to this fund. Any RPAs resulting in additional premiums due will be charged against this fund. When a member's Fund balance exceeds 60 percent of its basic premium, the excess money will be refunded. Members will not be billed for additional premiums unless they have a negative balance in the Fund exceeding 40 percent of their basic premium.

RTW – Return to work.

RX – Prescription.

SBC (Summary of Benefits and Coverage) – A plan summary that utilizes a specific format, required and set forth by the Affordable Care Act. This allows apples to apples comparison of different medical plans, based on the standardized format. These must be distributed to participants becoming newly eligible for coverage and annually.

SCIF (State Compensation Insurance Company) – A state agency that provides workers' compensation insurance to California employers.

SCP (Supervisor Certification Program) – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

Self-Funded Plan – A plan which collects payment from participants and pays claims directly, often utilizing a third party claims administrator. Funds left over can be used to offset future premium increases. Costs for participation are directly tied to the claims cost for the specific group of participants' utilization.

SIR (Self Insured Retention) – In the JPIA's liability program, members may choose SIRs of $100,000, $300,000 or $500,000. This is the amount of each loss the member will be responsible for. It is payable at the time of the loss. An up-front premium credit is given to members selecting these high SIRs. Retentions below these levels are treated differently; they are considered RAPs.

Special Events – Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants' and users'" policy, can be issued for third parties who rent or use your owned facilities.

SPD (Summary Plan Description) – The detailed document that describes a medical plan's coverage provisions.

Supranationals - United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States.

TD (Temporary Disability) – An impairment of bodily function, or physical incapacity that is reasonably expected to be cured or materially improved with proper medical care. This is the healing period following an injury. Temporary disability benefits are intended to be a substitute for lost wages (subject to minimums and maximums) during a period of temporary incapacity.

TIV (Total Insured Values) – The values shown on a Member Agency's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss.

UST (Underground Storage Tanks) – Refers primarily to underground fuel tanks; used most often in reference to the JPIA's Memorandum of Underground Storage Tank Pollution Liability Program. This program protects member agencies against third-party claims for bodily injury and property damage caused leaks from USTs. It also includes coverage for government mandated clean-up costs.

Workers' Compensation – A statutory coverage designed as the "sole remedy" for workers injured in the course and scope of their duties.

ACWA JPIA
New Member Agencies
May 2, 2022

BACKGROUND
At each Board meeting, a list of new members is provided for membership ratification.

CURRENT SITUATION
The following agencies have joined ACWA JPIA:

Agency:	Atwell Island Water District
Effective Date:	December 1, 2021
Program:	Liability
Director:	Deanna Jackson

Agency:	Tri-District Water Agency
Effective Date:	April 1, 2022
Program:	Liability, Workers' Compensation, and Employee Benefits
Director:	Doug Phillips

RECOMMENDATION
That the Board of Directors ratify the Executive Committee's acceptance of above agencies into JPIA.

Prepared by: Debbie Kyburz, Lead Member Services Rep. Date: April 7, 2022

ACWA JPIA
California Water Insurance Fund Update
May 2, 2022

BACKGROUND
At the November 26, 2018 meeting, the Board of Directors approved a resolution to proceed with forming a Captive Insurance Company. The Captive is a private company wholly owned by the JPIA, domiciled in the state of Utah. In addition to Paid in Equity, the JPIA also cedes losses at the primary level for the Liability and Workers' Compensation Programs.

CURRENT SITUATION

Paid in Equity	$96.9 million
Prepaid Claims and Expenses	$53.9 million
Realized Investment Income	$7.3 million
Book Value 3/31/2022	$158.1 million
Market Value 3/31/2022	$162.2 million
Unrealized Gain	**$4.1 million**
Rate of Return since inception (as of December 2021)	**15.96%**

As of March 31, 2022, the book value of the CWIF portfolio was $158,182,529 vs. a market value of $162,239,020. The rate of return since inception is approximately 15.96% vs. a rate of return on the JPIA portfolio of approximately 1.79%.

RECOMMENDATION
None, informational only.

Prepared by: Walter "Andy" Sells, CEO

Date prepared: April 18, 2022

CALIFORNIA WATER INSURANCE FUND

FLOW OF CASH BY PROGRAM
CUMULATIVE FROM INCEPTION THROUGH MARCH 31, 2022

ALL PROGRAMS

	LIABILITY	WORKERS' COMP	EMPLOYEE BENEFITS	Total
REVENUE				
Deposit Premiums Earned (SIR)	$ 60,877,000	$ 16,770,734	$ 0	$ 77,647,734
Deposit Premiums Earned (10x10)	2,807,846	0	0	2,807,846
Net Investment & Other Income	5,445,803	1,580,172	317,098	7,343,073
Total Revenue	69,130,649	18,350,906	317,098	87,798,653
EXPENSES				
Paid Claims	9,148,616	1,798,823	0	10,947,438
Admin fees paid to JPIA	6,281,600	5,169,533	0	11,451,133
Dividends paid to JPIA	3,129,059	1,038,483	0	4,167,542
Total Expenses	18,559,275	8,006,840	0	26,566,114
Paid in capital	22,249,990	14,700,000	60,000,000	96,949,990
Book balance	$ 72,821,364	$ 25,044,067	$ 60,317,098	$ 158,182,529

ACWA JPIA
Audited Financial Statements
Year Ended September 30, 2021
May 2, 2022

BACKGROUND
Each year, the JPIA provides for an independent audit of the JPIA's financial statements. Gilbert Associates performed the annual audit of the JPIA for the fiscal year of October 1, 2020 through September 30, 2021.

CURRENT SITUATION
The JPIA received an unmodified opinion. The opinion states that the financial statements present fairly, in all material respects, the financial position of ACWA JPIA as of September 30, 2021, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As in the previous year, the JPIA prepared an Annual Comprehensive Financial Report (ACFR) in accordance with the Government Finance Officers Association (GFOA) standards. Management intends to submit this report to the GFOA for review in order to again obtain a Certificate of Achievement for Excellence in Financial Reporting. Consequently, the annual report has additional reports therein to meet these high standards.

RECOMMENDATION
That the Board of Directors approve the 2020/21 Audited Financial Statements, as presented.

Prepared by: David deBernardi, Director of Finance Date prepared: April 8, 2022

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

Presented by

THE ACWA JPIA FINANCE DEPARTMENT

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Year Ended September 30, 2021

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YOUR BEST PROTECTION

March 30, 2022

Members, Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority

Ladies and Gentlemen:

The Comprehensive Report of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) for the year ended September 30, 2021, is hereby respectfully submitted. The JPIA Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the JPIA. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the JPIA as measured by the financial activity of its various programs and policy periods; and that all disclosures necessary to enable the reader to gain the maximum understanding of the JPIA's financial affairs have been included.

Gilbert CPAs, a firm of licensed certified public accountants, has audited the JPIA's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the JPIA for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Also included is an assessment of the accounting principles used, significant estimates made by management, and an evaluation of the overall financial statement presentation. The auditor concluded, based upon audit, that there was a reasonable basis for rendering an unmodified opinion that the JPIA's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY PROFILE

The JPIA is a public entity formed in 1979 by 83 California water agencies. It is a special district in the state of California and its formation and operation are subject to the provisions of the California Government Code.

The JPIA is dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverage and related services to its member agencies. The JPIA provides risk-sharing pools to meet the needs of its members for Liability, Property, Workers' Compensation and Employee Benefits coverage. Besides handling covered claims for its members, it provides risk management services and training programs. Additionally, the JPIA continues to provide members with a training library to help prevent losses.

As of September 30, 2021, the JPIA had 396 members. Each member selects one representative to serve as a director on the ACWA JPIA Board of Directors. From this body, eight members are elected to serve with staggered terms as members of ACWA JPIA's Executive Committee. The current vice president of the Association of California Water Agencies also serves as a voting member on the Executive Committee.

The JPIA's reporting entity includes all activities of the Board of Directors and staff considered part of and controlled by the JPIA. This includes financial activities relating to all programs and insurance pools of the JPIA.

LOCAL ECONOMY

The national economy has been recovering from the worldwide pandemic caused by COVID 19. From October 2020 through September 2021, the national unemployment rate decreased from 6.9% to 4.7%. This has been a very positive trend. Meanwhile in the State of California, the unemployment rate went from 9.8 % in October 2020, to 7.5% at the end of September 2021. This data suggests the lockdowns to curb the pandemic in California have had a lingering effect on unemployment and businesses. The UCLA Anderson Forecast has indicated that California lags the nation because of a "spatial and sectoral mismatch". This means that the sectors and locations where there is demand for workers are not the sectors and locations where there is supply of workers, even though there are approximately 11 million job openings for 8 million unemployed workers in aggregate. In the City of Roseville, where the JPIA office resides, the unemployment rate has moved from 6.4% in October 2020 to 4.2% in September 2021. This change mirrors the overall change in the State. Roseville continues to demonstrate better unemployment rates than the State as a whole. Investments are the area that the JPIA operates in that are most affected by the overall economy. Staffing continues to be stable within the JPIA. The number of JPIA employees have increased from 42 to 49 from fiscal year 2012 to fiscal year 2021. The JPIA continues to experience employees retiring as the employment force ages. Market conditions for both the Liability and Property Programs have been challenging. The JPIA was able hold off on any rate increases in the Liability Program but did implement a 10% rate increase in the Property Program. The Workers' Compensation Program has continued to see favorable loss experience. The Employee Benefits Program experienced another unusual year with the pandemic causing many participants to put off medical care in favor of not self-exposing themselves to COVID 19.

LONG-TERM FINANCIAL PLANNING

In August of 2015, the ACWA JPIA Executive Committee approved a goal for reserves in the Employee Benefits Program. This goal was set using an actuary estimate of incurred but not reported losses using a 99% confidence level. Confidence level refers to the degree of certainty the actuary has those losses will be equal to or less than the estimate provided. Based on the most recent actuarial report, the Employee Benefits Reserve Fund was targeted just over $20 million. The JPIA management intends to budget the program accordingly in the future years to bring the current reserves to the stated goal.

In August of 2013, the JPIA held a strategic planning meeting with its Executive Committee. The purpose of this meeting was to better develop plans for the future. Establishing relationships, communication, expansion of services, marketing and exploring different layers of self-insured retentions were the topics discussed at the strategic planning meeting. There were no actions taken by the ACWA JPIA Executive Committee because of this meeting. The JPIA had a strategic planning meeting in March 2020 where a SWOT analysis of the JPIA was the main discussion point. A strategic planning session is planned for early 2022.

In September 2012, the ACWA JPIA Executive Committee approved a monetary policy to cover funding for the Liability and Workers' Compensation Programs. The policy is two-fold, covering both the Rate Stabilization Fund and the Catastrophic Reserve Fund. The Rate Stabilization Fund is used to add and subtract monies from individual members' accounts as needed to true up policy years annually based on new actuary estimates of losses. This process commences when a policy year reaches four years of history. The monies in these individual accounts kept on behalf of the members are capped at 70% of their basic deposit premium, or approximately $16.9 million in the aggregate. The Catastrophic Reserve Fund consists of funds set aside to be used in time of need. Such funds are subject to ACWA JPIA Executive Committee approval and are most likely to be used when the JPIA experiences adverse claims experience. The Catastrophic Reserve Fund is targeted using the ultimate losses estimated by the actuary for all open policy years using a 99% confidence level as a guide. The Catastrophic Fund goals are $25 million for the Liability Program and $15 million for the Workers' Compensation Program.

Management believes the above funding policy covers a great deal of scenarios that the future could hold and thus is confident these goals are best for the organization.

The JPIA owns its building and does not foresee any significant capital projects related to buildings or structures.

The JPIA created a fully owned captive in the State of Utah for purposes of housing strategically selected self-insured risks. Management believes that by housing some risks in the new captive long term investments will be better leveraged over time.

INTERNAL ACCOUNTING CONTROLS

The JPIA's accounting system is organized so that each program can be accounted for and evaluated independently. Policy periods are also accounted for separately within each program. The assets, liabilities, revenues and expenses of each year are reported on a full accrual basis. All transactions are accounted for in an enterprise fund.

JPIA management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles, and the activities and reporting of the JPIA are in compliance with relevant laws and regulations. Internal accounting controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control decisions are made within the above guidelines. Management believes that the JPIA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the JPIA for its comprehensive report for the fiscal year ended September 30, 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The JPIA is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance by an independent examiner. The JPIA has received CAJPA’s “Accreditation with Excellence,” the highest form of accreditation, for a three-year period ending in May, 2024.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report.

Our sincere appreciation is expressed to the members of ACWA JPIA’s Finance & Audit Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of JPIA finances.

Our appreciation is also extended to each director and alternate director of the Board of Directors and to all Committee members for their commitment to the JPIA.

We stand ready to answer any questions you may have regarding the contents of this report.

Respectfully Submitted,

X Walt A. Sells

Walter "Andy" Sells
Chief Executive Officer

X David deBernardi

David deBernardi
Director of Finance

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

COMPREHENSIVE REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

EXECUTIVE COMMITTEE

Name	Office	District
E.G. "Jerry" Gladbach	President	Santa Clarita Valley WA
Thomas A. Cuquet	Vice-President	South Sutter Water District
Fred Bockmiller	Director	Mesa Water District
David A. Drake	Director	Rincon del Diablo MWD
Brent Hastey	Director	Yuba Water Agency
Melody A. McDonald	Director	San Bernardino Valley WCD
Randall Reed	Director	Cucamonga Valley WD
J. Bruce Rupp	Director	Humboldt Bay Municipal WD
Pamela Tobin	Director	San Juan Water District
Walter "Andy" Sells	Chief Executive Officer	ACWA JPIA

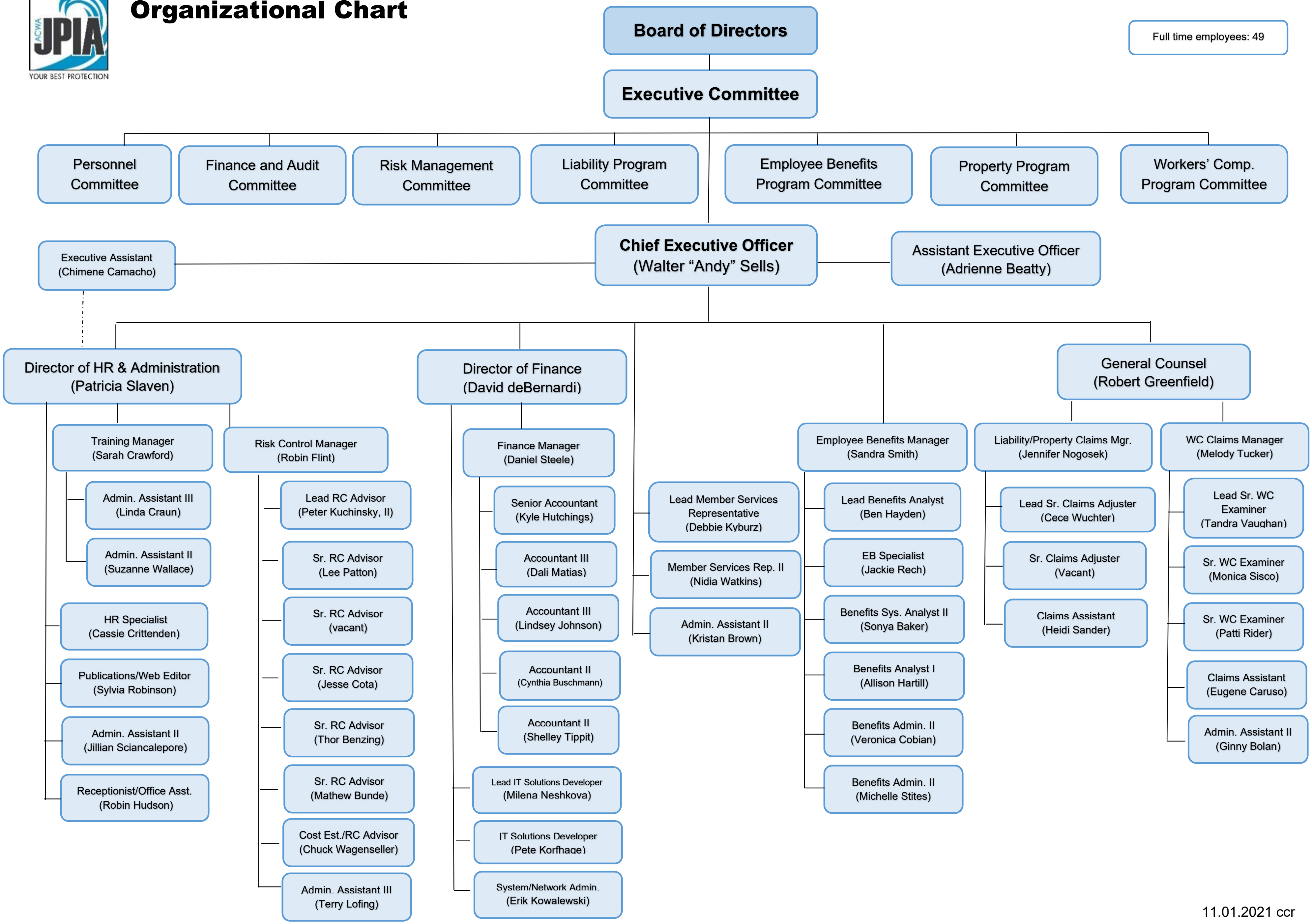
Office Address

2100 Professional Drive
Roseville, California 95661

Report Prepared by the
JPIA Finance Department

David deBernardi, CPA, Director of Finance
Dan Steele, Finance Manager
Kyle Hutchings, Senior Accountant
Dalisay Matias, Accountant III
Lindsey Johnson, Accountant III
Cynthia Buschmann, Accountant II
Shelley Tippit, Accountant II

Organizational Chart



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Association of California Water Agencies Joint Powers Insurance Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CAJPA
California Association of Joint Powers Authorities

Trusted Leadership for California's Public Risk Sharing Pools

It is the purpose of this organization to give professional recognition to properly qualified self-insurance pools.

THEREFORE, the Board of Directors of the California Association of Joint Powers Authorities, has conferred upon

Association of California Water Agencies Joint Powers Insurance Authority

This

CERTIFICATE OF ACCREDITATION WITH EXCELLENCE

having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.

California Association of Joint Powers Authorities
With Excellence
ACCREDITED

Accreditation Period: May 19, 2021 – May 19, 2024

Gina Dean
President

Kimberly Dennis
Chair, Accreditation Committee

James P. Marta
Accreditation Program Manager

FINANCIAL SECTION

Relax. We got this.℠

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ACWA JPIA as of September 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of claims liabilities by type of contract, ten-year claims development information, notes to required supplementary information, schedule of changes in the net OPEB asset and related ratios, schedule of OPEB contributions, schedule of the proportionate share of the net pension liability, and schedule of contributions to the defined benefits pension plan, on pages 15–26 and 53–62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACWA JPIA's basic financial statements. The introductory section, the "Memo only" column in the basic financial statements, the supplementary information section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of revenues, expenses, and changes in net position by program, CWIF statement of net position, and CWIF statement of cash flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the "Memo only" column in the basic financial statements, and the statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of ACWA JPIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACWA JPIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACWA JPIA's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA), we offer readers of the JPIA financial statements this narrative overview and analysis of the financial activities of the JPIA for the fiscal year ended September 30, 2021. We encourage readers to consider the information here in conjunction with the additional information that has been furnished in the letter of transmittal, which can be found on pages 3 to 7 of this report.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The JPIA operates as an enterprise fund and utilizes an accrual basis of accounting. The report includes the basic financial statements for the JPIA in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Net Position presents a snapshot of the JPIA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of September 30, 2021. The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues and expenses for the fiscal year resulting in the changes to net position. The Statement of Cash Flows reports changes in net position and income accounts that affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities. The Notes to the Financial Statements present the reader with additional information to enhance and complement understanding of the financial statements.

Comparative financial information is often presented alongside current year information for analysis of changes from the prior year. In the following comparative tables, 2020 balances are presented as originally reported in the financial statements.

CAPTIVE

In September of 2019, the Executive Committee voted to approve the formation of a captive insurance agency. California Water Insurance Fund (CWIF), domiciled in Utah and subject to the Utah Department of Insurance regulations, began its operations.

CWIF allows the JPIA to transfer risk at competitive rates with the long-term goal of better serving member districts by investing their premiums at a more appropriate level of risk versus return. The governing body consists of Executive Committee members, members at large, and Utah counsel. The Statement of Net Position is a blended authority financial statement, shown below.

CONDENSED STATEMENTS OF NET POSITION

	9/30/2021	9/30/2020	Variance
ASSETS			
Other Assets	$267,666,108	$233,214,701	$34,451,407
Capital Assets	4,104,251	4,310,372	(206,121)
Total Assets	271,770,359	237,525,073	34,245,286
DEFERRED OUTFLOWS			
Related to Pensions	1,027,236	741,645	285,591
Related to OPEB	161,906	313,105	(151,199)
Total Deferred Outflows	1,189,142	1,054,750	134,392
LIABILITIES			
Current Liabilities	49,931,094	55,629,664	(5,698,578)
Noncurrent Liabilities	73,627,596	57,445,500	16,182,096
Total Liabilities	123,558,690	113,075,164	10,483,526
DEFERRED INFLOWS			
Related to Pensions	(2,780,885)	1,281,433	(4,062,318)
Related to OPEB	2,371,164	536,019	1,835,145
Total Deferred Inflows	(409,721)	1,817,452	(2,227,173)
NET POSITION			
Net Investment in Capital Assets	4,104,251	4,310,372	(206,121)
Unrestricted	145,706,281	119,376,835	26,329,446
TOTAL NET POSITION	$149,810,532	$123,687,207	$26,123,325

HARD MARKETS

California's General Liability and Property markets over the last several years have proved most challenging to the risk pool insurance industry. These markets have made pricing negotiations with excess carriers even more difficult, and the member pool saw some slight increases in premiums as a result. The California wildfires, mudslides, and other natural disasters show few signs of subsiding and carriers have factored these unfortunate events into pricing across the industry.

COVID-19

In March of 2020, California Governor Gavin Newsom announced "shelter in place" measures to curb the spread of COVID-19. Consequently, planned medical procedures, routine and preventative care, dental, and vision appointments, and even some emergency cares were delayed, deferred, or cancelled. This resulted in significantly fewer claims being incurred during 2020 than anticipated.

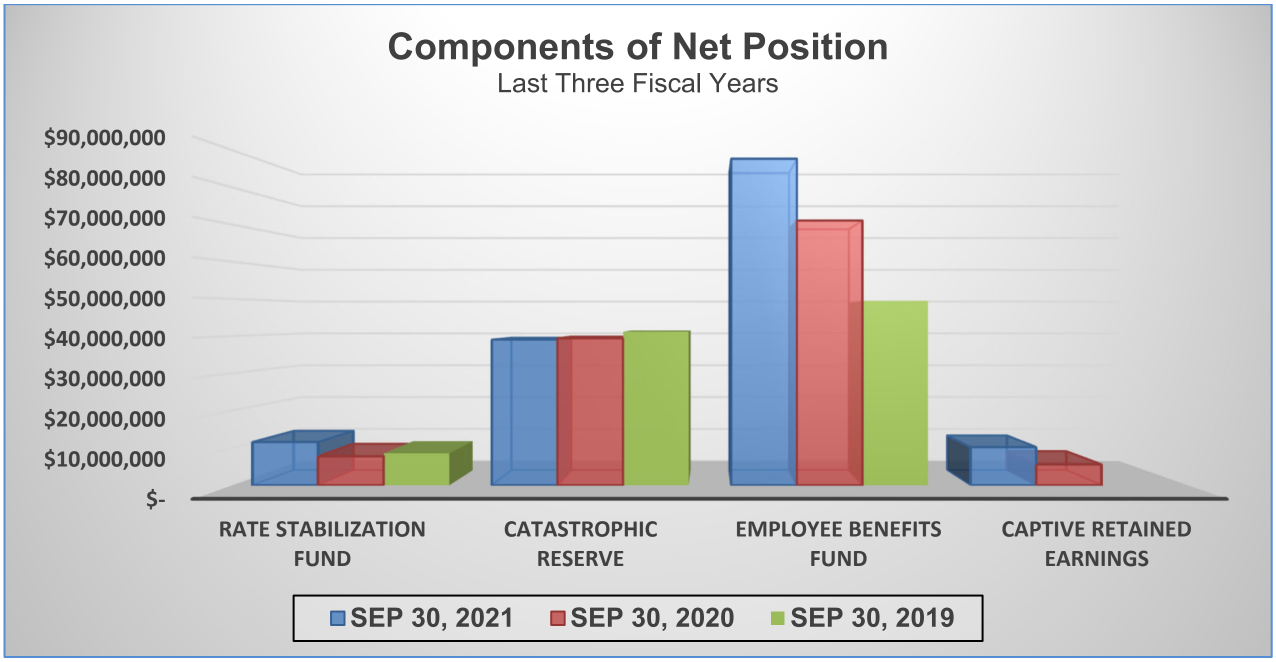
The self-funded medical plans incurred nearly $4 million in expenses related to COVID-19. However, that was more than offset by cancelled or delayed care. Many of these claims may be deferred to later dates once the impacts of COVID-19 subside. The potential cost to treat "long COVID" is also unknown at this point.

Other factors leading to the large $34 million increase in other assets:

- There was $11.5 million of nonoperating revenues attributed to investment income. This income helped to increase investments at year end.
- Further contributing to the rise in other assets, payments for claims decreased by $5 million. The largest influence here was a decrease of $6.8 million in claims payments for the liability program. This decrease in claims made for more cash and investments on hand at year end.
- $7.1 million increase between the net OPEB and pension assets. Plan investment returns from CalPERS for the current fiscal year helped grow the fiduciary net positions of both funds considerably. JPIA reported a net OPEB asset of $3.9 million versus $1.4 million from the 2020 year, as well as a $4.7 million net pension asset versus $138,133 in 2020.
- ACWA JPIA paid out some large loss claims in 2020 that reached well into the excess layers in the liability and property programs. These were claims related to wildfires, floods, and other extreme conditions that resulted in considerable loss of life and/or property. These claims make up approximately $25 million of the variances between cash paid out for excess claims, as well as the incoming cash from excess carriers to compensate for those claims qualifying for reimbursement per excess schedules.

NET POSITION

The components of Net Position graph (depicted on the following page) illustrate the year-to-year changes in the funds that comprise JPIA's net position from 2020 to 2021 (Natural Disaster Fund included with Catastrophic Reserve). The Employee Benefits Fund includes equity that transitioned over from the Health Benefits Authority in 2012, and the annual financial performance of the program altogether year after year.



The Rate Stabilization Fund (RSF) net increase of almost $4 million included several notable adjustments for the new year. Refunds to member districts were paid out in the early part of 2021 in the amount of $6.2 million. Retrospective premium adjustments for Liability and Workers' Compensation added close to $11.5 million to grow the RSF balance. Payroll reconciliations and other adjustments totaled just over $238,000 to bring that balance to $11.6 million. During 2021 the JPIA Executive Committee moved the maximum limit for each members' rate stabilization fund from 50% of the basic deposit premium to 70%. The effect of this change was $2.7 million more money in the rate stabilization fund.

The Catastrophic Reserve decreased slightly due to refund adjustments within the RSF process. The overall balance on September 30th was just over $39 million.

As mentioned in the COVID-19 section of this document, the Employee Benefits department's downward claims trend (and factoring in pension expense adjustments) added an additional $18 million to the fund. Deferred or foregone care and the increased use of telehealth substantially reduced claims costs. Large credits totaling approximately $7 million were reconciled and paid back to the JPIA after working closely with Anthem Blue Cross and MedImpact. These credits were related to commercial and Employer Group Waiver Plan (EGWP) pharmaceutical manufacturer rebates and contracted minimums, which helped reduce claim expenses from the end of 2018 through September 2019.

In addition, substantial credits totaling approximately $10 million were received from the medical plan's Pharmacy Benefit Manager, MedImpact. Some of these credits belonged to the 2019 policy year and some to the 2020 policy year. The change in the medical plan's Pharmacy Benefits Manager is just one of several changes that have favorably impacted the employee benefits program's financial performance.

The retrospective premium adjustment process used for other programs sponsored by JPIA is not practical to apply to the employee benefits program. Premium refunds would need to be allocated to contributing employees and/or retirees. Determining the period for which the refund would apply would not be feasible. Refunded amounts would also depend upon each employer's cost share arrangement with those employees and retirees, the individual's plan enrollment, family level enrollment, and employment status, which are all in a state of flux. Pricing adjustments on a go-forward basis is the option most applicable to managing the balance of the Employee Benefits fund.

As previous years have shown, the program is such that substantial growth to the fund can alternate with substantial losses to the fund. The fund effectively absorbs market volatility to provide long term favorable rates for members, made evident by the lack of premium increases in the last three plan years. Pricing stability keeps members from having to endure large swings when budgeting for insurance needs. The Executive Committee, the Employee Benefits Committee, and JPIA staff evaluate all options for pricing each year, based on expected costs and the balance in that fund.

The final component of JPIA's net position is the addition of the new captive insurance company, California Water Insurance Fund (CWIF). Originally established in September 2019, the nonprofit captive's retained earnings comprise about $10.2 million of overall net position and represent the excess of premiums over costs for the current fiscal year plus prior year earnings.

A CWIF dividend policy was adopted by the CWIF Board in 2021 to establish protocols designed to return funds back to the JPIA due to three main "events" as outlined below:

1. Favorable actuarial adjustments
2. Realized investment income
3. Other

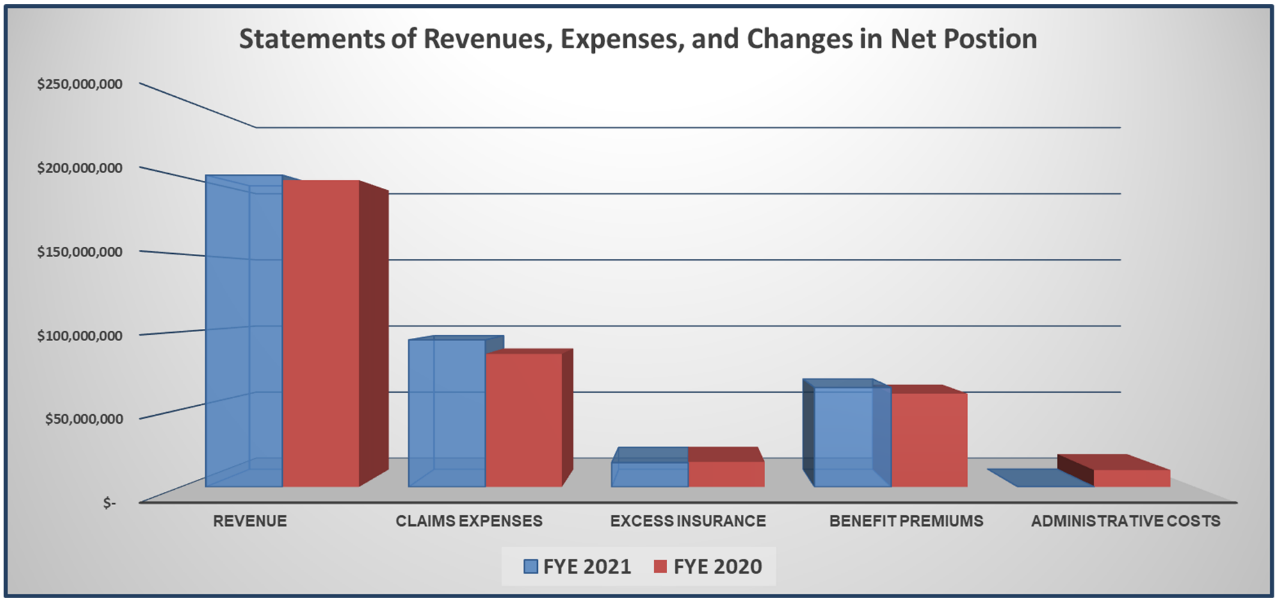
The realized investment income can take the form of interest and/or dividends received during the fiscal year (less broker fees) and recognized as dividends payable (or receivable) between the two entities. This will provide JPIA members an immediate benefit of the CWIF portfolio through other income allocations that impact the RPAs each year.

Favorable actuarial adjustments result from claims projections that become clearer as policy years develop. Should initial actuarial estimates prove claims liabilities are developing at a smaller expectation, CWIF would then declare dividends to refund JPIA those potential net "gains" after four years, since that is typically the benchmark the JPIA uses to begin the RPA process.

REVENUES, EXPENSES, & CHANGES IN NET POSITION

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	9/30/2021	9/30/2020	Variance
OPERATING REVENUES			
Members Premiums	$200,775,298	$194,507,327	$6,267,971
Retrospective Premium Adjustments	(11,457,566)	(5,377,009)	(6,080,557)
Total Operating Revenues	189,317,732	189,130,318	187,414
OPERATING EXPENSES			
Provision for Claims	94,764,321	85,730,468	9,033,853
Excess Insurance	15,682,763	16,113,131	(430,368)
Benefit Premiums	64,061,027	60,126,984	3,934,043
Pension expense (credit)	(8,492,368)	401,655	(8,894,023)
General & Administrative	8,744,713	10,514,500	(1,769,787)
Total Operating Expenses	174,760,456	172,886,738	1,873,718
OPERATING INCOME	14,557,276	16,243,580	(1,686,304)
NON-OPERATING REVENUES			
Investment Income	11,566,049	8,509,125	3,056,924
CHANGE IN NET POSITION	26,123,325	24,752,705	1,370,620
NET POSITION, BEGINNING	123,687,207	98,934,502	24,752,705
NET POSITION, ENDING	$149,810,532	$123,687,207	$26,123,325



PREMIUMS

In June of 2020, the JPIA Property Program Committee voted to increase premium pricing for the new 2021-2022 property policy year by 10%. This change was due to growing excess insurance costs ($6.4 million compared to $4.8 million in the 20-21 policy year) and pooled "total insured values" of over $8 billion. This decision created over $1.5 million in additional premium revenue to help offset the rising operating costs of the program.

While the property program continues to face challenging market conditions and pricing dilemmas, the workers compensation program saw no planned increases in pricing for either the 2020-2021 or 2021-2022 policy years and helped alleviate the impact of the expenses endured by the property program while contributing over $7.2 million in retrospective premium adjustments to the RSF.

Employee Benefits premiums make up the bulk of the premium revenue year to year, dating back to inception during the 2012 fiscal year. From the medical side, both Anthem and Kaiser programs saw increased enrollment figures for 2021 and added an additional $4.5 million in premiums. The Kaiser plans are pass-thru only, and no claims are paid by JPIA. Anthem's PPO program is a self-insured plan in which JPIA pays claims and administers its own stop loss (self-insured retention) levels up to $750,000 per occurrence.

RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA)

Changes in the RPAs this year can be identified by the following:

- $14.8 million net excess of revenues over costs for the fiscal year 2020-21 versus $2.8 million last year
- $3.8 million increase in the Rate Stabilization Fund (RSF) versus a $780,000 reduction in the prior year
- $350,000 reduction in catastrophic funds versus a $1.7 million reduction last year

These changes make up most of the $6 million member premiums variance from 2020 to 2021.

PROVISION FOR CLAIMS

Details of changes related to the provision for claims by program (these figures include paid claims, reserve changes, incurred but not reported changes, and changes to unallocated loss adjustment expenses):

PROGRAM	**2021**	**2020**	VARIANCE
Liability	$16,763,703	$13,395,505	$3,368,198
Property	3,847,324	2,249,482	1,597,842
Workers Comp.	4,129,087	2,816,067	1,313,020
Employee Benefits	70,024,207	67,269,414	2,754,793
Totals:	$94,764,321	$85,730,468	$9,033,853

The liability program experienced an increase of $3.3 million. This was largely due to actuarial increases in the 2017-18 and 2018-19 policy year ultimate loss figures. These two years have been relatively expensive compared to years past, as reserves for both policy years currently reside at just over $10 million. A significant portion of those reserves pertain to a claim that is deemed highly unusual and has cost the pool well over $10 million already. This was only the third time since inception that the JPIA has experienced a liability claim that reached into that layer of coverage.

As shown in the chart above, the $1.5 million increase in the property program mainly resides in the primary level reserves for claims. This largely pertains to a claim as a direct result of the Caldor Fire in August of 2021 that burned over 220,000 acres and caused extensive damage throughout El Dorado County. This claim alone broke through the $1 million aggregate excess limits for the current policy year and is expected to be upwards of $10 million in costs to the pool (estimated) after all reserves have been accounted and paid for, prior to any recoveries from the excess carrier.

Actuary updates to ultimate loss numbers for the workers compensation policy years '19-20 and '20-21 added approximately $3.5 million in additional incurred but not reported figures (IBNR) during the current fiscal year. These projections are higher than originally reported upon the inceptions of both program years where the original IBNRs were recorded.

The COVID-19 impact on Employee Benefits claims appears to be a rebounding effect where many appointments and/or medical procedures originally scheduled during the pandemic in 2020, were rescheduled and eventually bill in 2021. This could explain why the 2021 claims trend is trending higher compared to the prior year ($67 million annualized, compared to $59 million total).

EXCESS

Negotiations with excess carriers in California proved more challenging than years past since JPIA experienced some large losses that settled well into the excess layers. Liability program increases totaled over $2.2 million. The Executive Committee and staff aim to capitalize on the benefits of CWIF and its ability to possibly earn higher portfolio returns to offset market risk like this going forward.

The Property program, amid the hard market conditions, and increased total insured value of assets covered by the program, saw increases in the excess layers totaling, approximately $1.6 million in additional expenses for 2020.

Due to a stop-loss increase from $500,000 to $750,000 in the Employee Benefits' PPO medical program, the pool should save approximately $1 million in premium to SunLife Financial, with conservatively estimated savings of $120,000 after adjusting for increased risk.

ADMINISTRATIVE

General and administrative costs, collectively, were reduced in fiscal year 2021 by over $9.5 million. Approximately $1 million of this variance can be explained from lower spending related to travel expenses, meeting expenses, training expenses, and other costs affected by the COVID pandemic. The other $8.5 million was the result of a considerable pension expense credit, mainly stemming from changes to the net pension asset, deferred outflows, and deferred inflows related to pensions. As explained earlier, CalPERS investment earnings reported this year boosted the miscellaneous risk pool plan assets, and with the JPIA's fiduciary net position already in a fully funded state, the growth resulted in a massive increase to the net pension asset reported on the Statement of Net Position, offset by a reduction in pension expense. This change was material enough to report separately, outside of general and administrative expenses, considered to be better for presentational reasons on the audited financial statements.

CASH AND INVESTMENTS

Cash and investments make up a substantial amount of the JPIA's total assets. Because they are limited to California investment standards for public entities, the expected returns of fixed income portfolios typically range from 1 – 3% and in an industry where premiums are collected up front and then paid out over time, the prudent course of action is to capitalize as much as possible on those funds for the benefit of the paying members.

The goal of the captive (CWIF) is to allow JPIA to accomplish a more appropriate rate of return considering the amount of premiums paid to finance the long-term risk of liability and workers compensation claims. Currently, there are no definitive plans to transfer property coverage to the captive as of September 30, 2021.

Over the course of the fiscal year, funds were transferred from the JPIA fixed-income portfolio over to CWIF. This was accomplished in one wire transaction in November 2020. The total amount transferred was calculated around $20.8 million, enough to cover $21 million for the liability 20-21 policy year, as well as $3.3 million paid for the first completed quarter of workers compensation coverage for the 2021-2022 policy year.

The CWIF portfolio is a blended portfolio comprised of open and closed-ended mutual funds. The target ratio approved by the CWIF committee is at 65% equity, 35% fixed income, with a slight 5% variance allowance. This allocation mix was incorporated into the CWIF investment policy.

The following chart breaks down the blended cash and investment balances at year end:

TYPE	2021	2020	VARIANCE
JPIA Cash/Equivalents	$31,132,871	$61,019,857	$(29,886,986)
CWIF Cash/Equivalents	566,989	407,837	159,152
JPIA Fixed Income	123,863,259	99,373,811	24,489,448
CWIF Mutual Funds – Equities	53,134,192	29,528,758	23,605,434
CWIF Mutual Funds – Fixed Income	23,254,826	14,788,472	8,466,354
Totals:	$231,952,137	$205,118,735	$26,833,402

A decision was made to move $25 million from the Local Area Investment Fund (LAIF) to the JPIA Fixed Income portfolio in September 2021 to try to maximize return on investment without sacrificing operational cash flow. State of California reported LAIF monthly average yields of 0.206% on September 30, 2021.

CAPITAL ASSETS

The 2021 fiscal year had no material activity regarding acquiring capital assets. Depreciation expense for the period totaled $223,612.

FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULT OF OPERATIONS

ACWA JPIA is consistently preparing and planning for the future success of its member pool. There are always moving parts in motion that could have a financial impact, some as early as the next fiscal year (2021-2022). The following items play a role in JPIA's ongoing commitment to excellence to its members. Here are some highlights:

- External Impacts – CA Wildfires and Floods. The JPIA partners along the side of members to deliver best practices information regarding human safety, assets security, as well as serve as a resource and advisor when a disaster does strike. The Caldor Fire of August 2021 in the Tahoe Forest region had a profound impact, not only on JPIA members and their staff, but even employees of the JPIA as well. The risk management staff will take the lessons learned from this event and apply them to help other covered members prepare for risk mitigation that come with future California wildfires.
- CWIF – Continuing on with providing coverage up to the $5 million self-insured retention level and $10 million to $20 million level in the liability program, CWIF will once again take on the risk transfer of workers' compensation as well.
- Cyber Security – internally, the JPIA Information Technology department continues to assess cyber security threats and opportunities, and endeavors to protect the sanctity of sensitive information and data through various measures, such as multi-factored authentication for accessing software programs, more stringent password policies, and training centered on identifying malware, phishing scams, and other penetration-related risks. These measures are not only conducted internally with JPIA staff but recommended and encouraged to JPIA members as well.

CONCLUSION

This financial report is designed to provide a general overview of the JPIA's financial position. For further information, please visit the JPIA's website at www.acwajpia.com, which provides access to the most current approved and independently audited financial reports. Questions concerning any of the information presented can be sent to the following address:

ACWA JPIA
Attn: Finance Department
2100 Professional Drive
Roseville, CA 95661-3700

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	2021	Memo Only 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 31,699,860	$ 61,427,694
Investments	5,000,000	10,852,100
Member premiums receivable	8,551,240	10,437,486
Investment income and other receivables	413,403	608,572
Excess insurance proceeds receivable	456,143	872,225
Retrospective premium adjustment receivable	177,858	421,030
Prepaid expenses	8,742,878	5,955,754
TOTAL CURRENT ASSETS	55,041,382	90,574,861
NONCURRENT ASSETS		
Investments	195,252,277	132,838,940
Retrospective premium adjustment receivable	8,701,534	8,249,460
Net OPEB asset	3,905,515	1,413,307
Net pension asset	4,765,400	138,133
Capital assets - net	4,104,251	4,310,372
TOTAL NONCURRENT ASSETS	216,728,977	146,950,212
TOTAL ASSETS	271,770,359	237,525,073
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,027,236	741,645
Deferred outflows of resources related to OPEB	161,906	313,105
TOTAL DEFERRED OUTFLOWS	1,189,142	1,054,750
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,203,625	5,636,356
Unearned member premiums	21,405,985	19,491,759
Retrospective premium adjustment payables	11,498,168	12,512,318
Provision for claims	14,823,316	17,989,231
TOTAL CURRENT LIABILITIES	49,931,094	55,629,664
NONCURRENT LIABILITIES		
Retrospective premium adjustment payables	23,247,837	19,090,240
Claims reserves	17,196,761	14,593,059
Claims incurred but not reported	29,642,153	21,522,754
Unallocated loss adjustment liability	3,540,845	2,239,447
TOTAL NONCURRENT LIABILITIES	73,627,596	57,445,500
TOTAL LIABILITIES	123,558,690	113,075,164
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	(2,780,885)	1,281,433
Deferred inflows of resources related to OPEB	2,371,164	536,019
TOTAL DEFERRED INFLOWS	(409,721)	1,817,452
NET POSITION		
Net investment in capital assets	4,104,251	4,310,372
Unrestricted	145,706,281	119,376,835
TOTAL NET POSITION	$ 149,810,532	$ 123,687,207

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
OPERATING REVENUES		
Member premiums	$ 200,775,298	$ 194,507,327
Retrospective premium adjustments	(11,457,566)	(5,377,009)
TOTAL OPERATING REVENUES	189,317,732	189,130,318
OPERATING EXPENSES		
Claims expense:		
Claims paid	85,905,737	90,772,703
Change in claims reserves	4,749,782	(103,945)
Change in claims incurred but not reported	2,807,404	(4,252,240)
Change in unallocated loss adjustment expense	1,301,398	(686,050)
Total claims expense	94,764,321	85,730,468
Excess insurance	15,682,763	16,113,131
Benefit premiums	64,061,027	60,126,984
Pension expense (credit)	(8,492,368)	401,655
General and administrative	8,521,101	10,285,838
Depreciation	223,612	228,662
TOTAL OPERATING EXPENSES	174,760,456	172,886,738
OPERATING INCOME	14,557,276	16,243,580
NONOPERATING REVENUES		
Investment income	6,086,423	5,091,535
Net increase in investment fair value	5,479,626	3,417,590
TOTAL NONOPERATING REVENUES	11,566,049	8,509,125
CHANGE IN NET POSITION	26,123,325	24,752,705
NET POSITION, BEGINNING OF YEAR	123,687,207	98,934,502
NET POSITION, END OF YEAR	$ 149,810,532	$ 123,687,207

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 199,818,859	$ 189,153,896
Cash received from excess/aggregate insurance	3,951,914	31,001,622
Payments for claims	(85,905,737)	(90,772,703)
Payments for excess/aggregate claims	(7,183,942)	(27,674,471)
Payments for excess insurance	(15,682,763)	(16,113,131)
Payments for benefit premiums	(64,061,027)	(60,126,984)
Payments for billings & RPA fund	(6,210,993)	(5,905,812)
Payments to vendors	(2,203,980)	(2,692,409)
Payments to employees	(7,567,189)	(7,995,084)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,955,142	8,874,924
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(17,512)	(12,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,179,434	3,777,981
Purchase of investments	(111,099,963)	(121,986,702)
Proceeds from maturities of investments	63,255,065	122,392,901
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(44,665,464)	4,184,180
Increase (decrease) in cash and cash equivalents	(29,727,834)	13,046,497
Cash and cash equivalents, beginning of year	61,427,694	48,381,197
Cash and cash equivalents, end of year	$ 31,699,860	$ 61,427,694
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 14,557,276	$ 16,243,580
Adjustments to net cash provided by operating activities:		
Depreciation of capital assets	223,612	228,662
Change in member premiums receivable	1,886,246	(3,456,470)
Change in excess insurance proceeds receivable	416,082	(448,831)
Change in retrospective premium adjustment receivable	(208,902)	(4,059,682)
Change in net pension asset	(4,627,267)	196,598
Change in net OPEB asset	(2,492,208)	167,342
Change in other receivables and prepaids	(2,591,955)	(130,720)
Changes in deferred outflows/inflows related to net pension and OPEB	(2,361,565)	(355,727)
Changes in payables and accrued expenses and other expenses	(3,762,434)	2,946,437
Change in unearned member premiums	1,914,226	1,277,547
Change in retrospective premium adjustment payables	3,143,447	1,308,423
Change in claims liabilities	8,858,584	(5,042,235)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 14,955,142	$ 8,874,924
NON CASH ITEMS		
Change in unrealized fair value of investments	$ 5,479,626	$ 3,417,590

See accompanying notes to financial statements.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

(1) General Information

Organization and Operations – The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA or JPIA) was created effective July 5, 1979, by a joint powers agreement among member water districts and agencies organized and operating under the laws of the State of California. The JPIA was organized pursuant to provisions of the California Government Code for the purpose of providing insurance coverage for its member districts**.**

The JPIA currently offers five joint protection programs:

- Public Auto and General Liability
- Workers' Compensation
- Property Insurance
- Underground Storage Tank Liability
- Employee Benefits (Medical, Dental, Vision, Other)

The JPIA also purchases group insurance for dam failure, pass through insurance (including employee fidelity bonding, difference in condition, boiler and machinery stand alone, and crime), and for the period of July 1, 1995, through June 30, 1998, workers' compensation for electing member districts.

The JPIA provides joint protection coverage for losses more than the member districts' individually specified self-insurance retention levels.

Reporting Entity – The reporting entity includes all activities (operations of the administrative staff, officers, executive board, and board of directors) as they relate to the JPIA considered to be part of (controlled by or dependent on) the JPIA. This includes financial activity relating to all the membership years.

In determining its reporting entity, the JPIA considered all governmental units that were members since inception. The criteria did not require the inclusion of these entities in these financial statements principally because the JPIA is not financially accountable for any members.

Captive – In September 2019, the JPIA Executive Committee approved the formation of a captive insurance company entitled California Water Insurance Fund (CWIF). CWIF incorporated as a nonprofit organization, domiciled in the state of Utah, and satisfies the requirements as a pure captive insurance company under the Captive Insurance Companies Act, Chapter 37 of Title 31A of the Utah Code of 1953, as amended.

CWIF's primary function serves as a risk financing tool for the JPIA and its member districts, designed to benefit risk pool members through a modest discount of the actuarial risk JPIA programs are assuming. Ceded risk to the captive depends on the levels of risk determined by the Executive Committee per program and may differ from program year to program year.

For financial reporting purposes, CWIF is a blended component unit and the schedules presented in this report include combined figures for both the JPIA and CWIF. CWIF prepares its own separate annual financial statements, which can be obtained by submitting a formal request in writing to ACWA JPIA, Attn: Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Insurance Coverage and Deductibles – The JPIA provides the following major insurance coverage and deductibles:

a) Liability Program – The Liability Program was established to account for the payment of liability claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members.

The JPIA provides the following insurance coverage and self-insured retention (SIR):
Member District Retrospective Allocation Point (RAP): $2,500 to $100,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
10/1/79 - 9/30/86	$ 500,000
10/1/86 - 9/30/87	1,000,000
10/1/87 - 9/30/05	500,000
10/1/05 - 9/30/11	1,000,000
10/1/11 - 9/30/16	2,000,000
10/1/16 - 9/30/19	5,000,000
10/1/19 - 9/30/21*	5,000,000

- *Excess: $1 to a total of $5,000,000 coverage by captive insurance company, California Water Insurance Fund (CWIF). CWIF is also responsible for the 10X of 10 layer ($10,000,000 – 20,000,000)
- $5,000,000 to a total of $60,000,000 coverage through various carriers. Policy Year: October 1 through September 30.

b) Property Program – The Property Program was established to account for the payment of property claims and administrative costs. Funding is based upon rates established by ACWA JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage, deductibles, and SIR:
Member District Deductible: $500 to $50,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
1/1/83 - 3/31/85	Various
4/1/85 - 3/31/86	$5,000
4/1/86 - 3/31/88	50,000
4/1/88 - 3/31/01	10,000
4/1/01 - 3/31/13	50,000
4/1/13 - 6/30/20*	100,000
7/1/20 - 6/30/22	100,000

- Excess: $100,000 up to a total of $500,000,000 coverage with various sub limits through Alliant Property Insurance Program (APIP).
- *Policy Year: April 1 through June 30 of 2019. Property Program changed policy year format to better align with APIP recommended coverage schedule. From that point on, the Property Program policy year would run from July 1 through June 30. Beginning July 1, 2019, ACWA JPIA has an aggregate deductible under which they retain the first $1 million on claims in excess of $100,000.

c) Workers' Compensation Program – The Workers' Compensation Program was established to account for the payment of workers' compensation claims and administrative costs. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA administers claims in-house on behalf of participating members**.**

The JPIA provides the following insurance coverage and SIR:
Member District RAP: $250 to $25,000
The SIRs for this program by policy year are as follows:

Years	SIR Amount
7/1/86 - 6/30/87	$125,000
7/1/87 - 6/30/88	150,000
7/1/88 - 6/30/89	175,000
7/1/89 - 6/30/91	200,000
7/1/91 - 6/30/92	225,000
7/1/92 - 6/30/01*	250,000
7/1/01 - 6/30/02	350,000
7/1/02 - 6/30/03	650,000
7/1/03 - 6/30/20	2,000,000
7/1/20 - 6/30/22**	2,000,000

- *From July 1, 1995, through June 30, 1998, the Workers' Compensation Program functioned as a group purchase program.
- **Excess of $1 to a total of $2,000,000 per occurrence by captive insurance company, CWIF.
  Policy Year: July 1 through June 30

d) **Employee Benefits Program** – In January 2012, both ACWA JPIA's Executive Committee and the Health Benefits Authority (HBA) approved the transition of the HBA program into the JPIA. In March 2012, the HBA Board of Directors voted to dissolve the HBA programs. As a result, the JPIA's Employee Benefits Program was established on July 1, 2012, to provide medical, dental and vision coverage for members' employees and dependents. The preferred provider organization plans offered in the medical and dental coverage are self-insured. The vision program also converted to self-insured starting with plan year January 1, 2015. Funding is based upon rates established by the JPIA's Executive Committee. The JPIA utilizes a third party to administer these claims on behalf of participating members.

The JPIA carries reinsurance through Sun Life Financial, administered by Stealth Partner Group, LLC for coverage losses in excess of the self-insured retention of $750,000 per beneficiary incurred during the policy period, and paid during the policy period and six-month period immediately following the end of the policy period. The policy year is January 1 through December 31.

(2) Significant Accounting Policies

Basis of Accounting – The accounting records of the JPIA are kept on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents – With regards to the statement of cash flows, the JPIA considers cash in banks, all money market funds, cash in Local Government Investment Pools (LGIP), and Local Agency Investment Funds (LAIF) to be cash equivalents. Investments maturing within three months from the date of purchase are also considered to be cash equivalents.

Investments in debt securities are recorded at fair value. For purposes of these financial statements, fair value is equivalent to investment market value on September 30, 2021. Changes in the fair value of investments, both realized and unrealized, are included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of non-operating revenues.

Beginning with fiscal year 2019-20 and the introduction of CWIF, the Executive Committee voted to move $31.4 million for the purposes of investing pooled funds into the new captive portfolio. This amount was comprised of $19.4 million designated for the original Liability policy year 2020 premiums, plus an additional $12 million as paid-in capital.

Later during the 19-20 fiscal year, an additional $10 million paid in capital was contributed to the captive's portfolio. The CWIF portfolio consists of equity-based and fixed income-based mutual funds with a target return on investment of 7%. Equity securities comprise approximately 67% of the CWIF portfolio at the end of the fiscal year.

Prepaid Expenses – Payments for the portions of excess insurance and other costs that extend into future accounting periods have been recorded as prepaid expenses.

Capital Assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment and building improvements, and 30 years for the JPIA main office building in Roseville, CA.

Unearned Member Premiums – The JPIA bills its members in advance for certain programs. The amount billed represents unearned member premium revenue until earned. Any premiums collected from members before the respective program years, are recorded in the Unearned Member Premium general ledger accounts until the appropriate period, at which time premiums are then recognized as earned and allocated to the specific revenue accounts.

Premiums Receivable – These amounts represent unpaid invoices for policies written during the JPIA's fiscal year. Workers Compensation holds four different general ledger accounts to track receivables separately since the billing is done quarterly. A significant portion of premiums receivable are also recognized as unearned premiums for those policies extending into the subsequent year.

Claims Liabilities – The JPIA establishes liabilities for claims based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability and workers' compensation. Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation is implicit in the calculation of estimated future claims costs because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered appropriate modifiers of experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Unallocated Loss Adjustment Expenses (ULAE) – Amounts have been estimated for the cost of administering current and future claims. An actuary, in connection with other loss development information, determined these amounts.

Member Premiums are calculated based upon each member district's respective payroll (or insured values for the Property Program) and loss history. For the Employee Benefits Program, premiums are calculated based upon approved rates by the ACWA JPIA Executive Committee.

Member premiums are recognized as revenue over the periods covered by the policies. For the liability, property and workers' compensation policies, a retrospective premium adjustment for each policy year is made annually, four years after a policy year begins.

Operating and Non-operating Revenues – Operating revenues include all program contributions, related fees and assessments that are integral to the financing of the insurance programs. Investment income is classified as non-operating revenue.

Allocation of Indirect Expenses – Indirect expenses are allocated among insurance programs based on an internal employee survey for estimated time spent on each of the JPIA programs. In May of 2017, staff leadership conducted a new survey to update the allocation percentages for each program based on more current workflow estimates. The Liability program allocation is 30%, the Workers' Compensation program is 36%, Employee Benefits is at 20%, and the Property program is 14%.

Income Taxes – As a public agency under the State of California, the JPIA is exempt from federal and state income taxes under Internal Revenue Code Section 115 and California Revenue and Taxation Code Section 17131, respectively.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the JPIA's pension and OPEB plans after the measurement date but before the fiscal year-end are recorded as deferred outflows of resources and will reduce the net pension and total OPEB liabilities in the next fiscal year.

Additional factors involved in the calculation of the JPIA's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the JPIA's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 9 for further details related to pension deferred outflows and inflows. See Note 10 for details related to the OPEB deferred outflows and inflows.

Pensions – For purposes of measuring the net pension asset and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the JPIA's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the JPIA's OPEB Plan and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
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NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

(3) Cash and Investments

Investments Authorized by the JPIA's Investment Policy – The following table identifies the investment types authorized for the JPIA by the California Government Code Section 53601 (or the JPIA's investment policy where more restrictive). Also following are tables identifying certain provisions of the California Government Code (or the JPIA's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

AUTHORIZED INVESTMENT TYPE	MAXIMUM MATURITY*	MAXIMUM PERCENTAGE OF PORTFOLIO	MAXIMUM INVESTMENT IN ONE ISSUER	MINIMUM CREDIT QUALITY
Federal Agency	5 years	100%	50%	None
Asset-Backed Securities/CMO	5 years	20%	5%	AA
Bankers' Acceptance	180 days	20%	5%	Highest by NRSRO
Commercial Paper	270 days	25%	5%	Highest by NRSRO
Negotiable Certificates of Deposits	5 years	30%	5%	A
Time Certificates of Deposits	5 years	30%	FDIC/NCUA Limits	Banks S&L / CU Insured
Repurchase Agreements	92 days	20%	20%	Primary Dealer
Medium-Term Notes	5 years	30%	5%	A
LGIP	N/A	50%	N/A	AAAm
LAIF	Daily	50%	N/A	N/A
Money Market Funds	N/A	20%	20%	Treasury / Agency Only
U.S. Treasury	5 years	100%	100%	None
California State Obligations	5 years	100%	5%	A
Other State/Local Gov. Obligations	5 years	100%	5%	A
Supranationals	5 years	20%	20%	AAA

* The average life of the total portfolio at any time shall not exceed four years.

CWIF Investment Policy

CWIF's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek CWIF's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between equities and fixed income securities shall be applied to prevent an undue amount of investment risk with any one area. CWIF strives to achieve returns and control risk by meeting certain asset allocation targets set forth in CWIF's investment policy. The classes of investments that most adequately meet the above-mentioned criteria shall be allowed for purchase. They are equities and fixed income investments of U.S. and non-U.S. issuers, and real estate investment trusts. The investment policy also lists out some prohibited transactions such as letter stock and other unregistered securities, direct commodities, derivatives, options, and futures.

Investment Credit Risk - CWIF's investments on September 30, 2021, are summarized in the following table. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

INVESTMENTS	FAIR VALUE	%	CREDIT QUALITY RATING
Mutual Funds – Equity	$53,134,192	70%	None
Mutual Funds – Fixed Income	23,254,826	30%	None
Total Investments	$76,389,018	100%	

Concentration of Credit Risk – As of September 30, 2021, investments in any one issuer, other than U.S. Treasury Securities, LAIF and LGIP, represent 5% or more of the total ACWA JPIA portfolio:

Issuer	Investment Type	Market Value
FNMA	Federal Agency	$10,715,945

Custodial Credit Risk is the risk that in the event of a bank failure, the JPIA's deposits may not be returned. California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the JPIA's cash on deposit, or first trust deed mortgage notes with a fair value of 150% of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the JPIA's name and places it ahead of general creditors of the institution.

Interest Rate Risk is the possibility that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of all securities is calculated and reported monthly to the two oversight committees of the JPIA for investments. Investment fair value and duration on September 30, 2021, are as follows:

Authorized Investment Type	Fair Value	Effective Duration
U.S. Treasury Obligations	$63,338,054	2.776
Federal Agency Securities	15,204,643	2.818
Federal Mortgage-Backed Securities	3,464,312	0.885
Medium-Term Notes	16,474,593	2.811
Asset-Backed Securities/CMOs	5,597,176	1.678
Negotiable Certificates of Deposit	4,998,464	1.014
Commercial Paper	5,000,000	0.333
Municipal Bonds	6,409,107	2.724
Supranationals	3,376,910	2.131
Mutual Funds – Equity	53,134,192	N/A
Mutual Funds – Fixed Income	23,254,826	N/A

ASSOCIATION OF CALIFORNIA WATER AGENCIES
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NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

Local Agency Investment Funds (LAIF) – The JPIA is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the JPIA's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPIA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Financial information can be obtained from P.O. Box 942809, Sacramento, CA 94209-0001.

Local Government Investment Pools are managed pool accounts in which the JPIA participates. The California Asset Management Program (CAMP) invests available cash under California Government Code Section 53601 and 53635. CAMP is a joint powers authority organized under California law and is managed by participant elected trustees. The fair value of the JPIA's investment in this pool is reported in the accompanying financial statements at amounts based on the JPIA's pro-rata share of the fair value. Financial information can be obtained from 50 California Street, Suite 2300, San Francisco, CA 94111.

Investment Credit Risk – the JPIA and CWIF securities are summarized in the following table by the respective fair values as of September 30, 2021. JPIA reports credit quality ratings by Moody's, a nationally recognized rating agency.

Disclosures Relating to Credit Risk

Authorized Investment	Amount	Aaa/P-1	Aa (1-3)	A (1-3)	Not Rated
Cash	$ 200	$ 0	$ 0	$ 0	$ 200
Deposits with Financial Institutions	11,652,672				11,652,672
Asset-Backed Securities	5,597,176	3,159,142			2,438,034
Negotiable Certificates of Deposit	4,998,464	3,174,904	1,268,744	554,816	
LGIP (Managed Pool Account) *	257,037				257,037
LAIF	19,789,951				19,789,951
U.S. Treasury Obligations	63,338,054	63,338,054			
Federal Agency Securities	15,204,643	15,204,643			
Federal Mortgage-Backed Secur.	3,464,312	633,398			2,830,914
Municipal Bonds	6,409,107	2,217,639	3,432,738		758,730
Commercial Paper	5,000,000		5,000,000		
Medium-Term Notes	16,474,593	582.,759	580,426	15,311,408	
Supranationals	3,376,910	3,376,910			
Mutual Funds – Equity**	53,134,192				53,134,192
Mutual Funds – Fixed Income**	23,254,826				23,254,826
Totals	$231,952,137	$91,687,449	$10,281,908	$15,866,224	$114,116,556

Information about the risk that an issuer or other counterparty to an investment will not fulfill its obligations is provided by the table above.

*The managed pool account (LGIP) is comprised of $257,037 in CAMP. This investment is not rated by Moody's but is, however, rated AAAm by Standard and Poor's.

**California Water Insurance Fund (CWIF), a captive insurance company and subsidiary of ACWA JPIA. Investment fund managed by PFM Asset Management LLC, with custodial US Bank.

Fair Value - GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, requires the JPIA to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. The fair value hierarchy levels are summarized below (*Source = U.S. Bank's Summary of Methodology for Assigning Fair Value to Client Assets*):

- Level 1 Inputs – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. An active market for the asset is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 Inputs – Inputs to the valuation methodology that are observable for an asset/liability either directly or indirectly (other than quoted prices included within Level 1). They include quoted prices for similar assets/liabilities in active markets and quoted prices for identical or similar assets/liabilities in markets that are NOT active.

- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset/liability, including assumptions about risk.

The following schedule classifies the JPIA's security assets at fair value based on hierarchy level as of September 30, 2021:

Investments by Fair Value Level		Fair Value Measurements Using	
Debt Securities:		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury Obligations	$ 63,338,054	$ 63,338,054	
Asset-Backed Securities	5,597,176		$5,597,176
Negotiable Certificates of Deposit	4,998,464		4,998,464
Medium-Term Notes	16,474,593		16,474,593
Commercial Paper	5,000,000		5,000,000
Federal Agency Securities	18,668,955		18,668,955
Municipal Bonds	6,409,107		6,409,107
Supranationals	3,376,910		3,376,910
Mutual Funds – Closed-ended	39,330,382	39,330,382	
Mutual Funds – Open-ended	37,058,636		37,058,636
Totals	**$200,252,277**	**$102,668,436**	**$97,583,841**

Pooled investment funds, such as CAMP and LAIF, are subject to fair value measurement, but not to the fair value hierarchy. For the statement of cash flows, the JPIA considers cash in banks and deposits in LAIF to be *cash equivalents* and are not presented within the fair value disclosures.

(4) Capital Assets

The following is a schedule of changes in capital assets for the year ended September 30, 2021:

	9/30/2020	Additions/ Disposals	9/30/2021
NON-DEPRECIABLE ASSETS:			
Land	$ 590,545	$ 0	$ 590,545
Undeveloped Software/Equipment	0	17,512	17,512
Total Non-Depreciable Assets:	590,545	17,512	608,057
DEPRECIABLE ASSETS:			
Building & Improvements	5,336,035	0	5,336,035
Furniture & Equipment	724,010	(21)	723,989
Software	497,982	0	497,982
Total Depreciable Assets	6,558,027	(21)	6,558,006
LESS ACCUMULATED DEPRECIATION:			
Building & Improvements	(1,744,302)	(179,073)	(1,923,375)
Furniture & Equipment	(628,841)	(35,950)	(664,791)
Software	(465,057)	(8,589)	(473,646)
Total Accumulated Depreciation	(2,838,200)	(223,612)	(3,061,812)
Capital Assets - Net	$4,310,372	$(206,121)	$ 4,104,251

(5) Retrospective Premium Adjustments

Retrospective premium adjustments are determined for each policy year as the sum of the following:

a) Direct charge for the portion of each loss incurred within the member's allocation level.

b) Losses more than a member's allocation level are shared by the members in the same and greater allocation levels, based on each member's premiums as a percentage of all members' premiums in each allocation level.

c) Other costs, net of investment income, including unallocated claims expense, excess insurance premiums, and administrative expense are charged to each member, based on premiums.

d) The allocation for contributions to that portion of designated equity for catastrophic losses and the reserve for claims incurred but not reported is based on each member's premiums as a percentage of all members' premiums.

The retrospective premium adjustments (RPA) for all applicable policy years have been estimated based on losses and other costs, net of investment income, incurred through September 30, 2021. RPAs are subject to change as the ultimate cost of claims becomes known, investment income is realized, and the JPIA's indirect costs are allocated to each policy year. RPA's do not apply to the Employee Benefits Programs.

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The initial RPA is made at the end of the fourth full year of operations of each the JPIA programs. After that, RPAs represent annual cumulative adjustments to the original premiums (net of prior RPAs, if any) previously billed and held at the JPIA. Although accrued RPA payables to and receivables from program members are calculated monthly, the accrual billing/refunding process takes place only once per year. RPAs are calculated separately for each policy and program year.

Beginning with fiscal year 1998-99, the JPIA established a Rate Stabilization Fund for the Liability Program to help stabilize future RPAs. The JPIA maintains a separate Rate Stabilization Fund for each member and future RPAs are to flow through the member's individual Rate Stabilization Fund. When the balance of a member's fund exceeds 70% of the current year's basic liability premium, any member that has a balance over this amount receives a refund for the difference. During the fiscal year 2002-03 the Rate Stabilization Fund was expanded to include the Property and Workers' Compensation Programs.

(6) Reconciliation of Claims Liabilities

As of September 30, 2021, unpaid losses of $65,660,276 are presented at the net present value of $65,203,075. These losses are discounted at a rate of 1% for Liability, 1.5% for Workers' Compensation, .5% for Property and 0% for Employee Benefits.

The following schedule represents changes in the aggregate liabilities for all programs during the past year ending September 30, 2021:

Discounted Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$56,344,491
Incurred Claims and Claim Adjustment Expenses:	
Provision for Insured Events of the Current Fiscal Year	89,652,870
Increase in Provision of Insured Events of Prior Fiscal Years	5,111,451
Total Incurred Claims and Claim Adjustment Expenses	94,764,321
PAYMENTS:	
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	66,962,689
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	18,943,048
Total Payments	85,905,737
Discounted Unpaid Claims and Claim Adjustment Expenses at End of Fiscal Year	**$65,203,075**
Components of Claims Liability:	
Provision for Claims (Current)	$14,823,316
Claims Reserves	17,196,761
Claims Incurred but Not Reported	29,642,153
Unallocated Loss Adjustment Liability	3,540,845
Total Claims Liability	**$65,203,075**

(7) Net Position Designations

There are four categories that make up net position: the Catastrophic Reserve (CAT) Fund (includes the Natural Disaster Fund for the property program), Employee Benefits Fund, the Rate Stabilization Fund, and the retained earnings of the captive insurance company.

The CAT Fund is established to protect members from excessive losses, shared by all members in a given policy year. Contributions to the CAT Fund are typically calculated as 10% of premiums earned. Beginning with the fiscal year 2012-2013, the Liability and Workers' Compensation Programs limited the CAT Fund to 99% of the current year's actuarially determined Gross Liability for Unpaid Losses. If a member has over 99%, a refund is transferred into their Rate Stabilization Fund. If the CAT fund is underfunded, collections can be transferred from the Rate Stabilization Fund if the funds are available.

The Rate Stabilization Fund is used to smooth the member's premium billing and refund process. The Employee Benefits Fund can be used to help reduce premium increases of only that Program when approved by the Executive Committee.

The CWIF reported an excess of earnings over expenses in the amount of $13,612,283 for fiscal year 2020-21.

Net position is designated in the following manner**:**

September 30, 2021:	
Rate Stabilization Fund (RSF)	$11,581,997
Catastrophic (CAT)/Natural Disaster Fund	39,048,710
Employee Benefits Fund	88,928,195
Captive's Retained Earnings (CWIF)*	10,251,630
Net Position	$149,810,532

**Difference of retained earnings reported on this schedule varies by $10,352,241 with the CWIF Annual Financial Report due to a portion of CWIF's retained earnings rolling into the RSF and/or the CAT fund.*

(8) Joint Venture

The JPIA participated in a joint venture under a joint powers agreement with Local Agency Workers' Compensation Excess (LAWCX) during the fiscal years 1992-93; 1993-94; and 1994-95. The relationship between The JPIA and LAWCX is such that LAWCX is not a component unit of The JPIA for financial reporting purposes. Each member agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in LAWCX. LAWCX prepares separate annual financial statements, which may be obtained from Sedgwick 1750 Creekside Oaks Drive, Suite 200, and Sacramento, CA 95833.

(9) Pension Plan

Plan Description

ACWA JPIA provides pension benefits to its employees through ACWA JPIA's Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. ACWA JPIA had less than 100 active members as of the June 30, 2021, actuarial valuation. As a result, qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed, and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained several provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 years of age and have a minimum of five years of CalPERS-credited service. Members after December 2012 must be at least 52 to be eligible for service retirement.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ACWA JPIA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. ACWA JPIA's required contribution rate on covered payroll for the measurement period ended June 30, 2021 (the measurement date) was 9.929% and 7.874% of annual pay for Classic and PEPRA employees, respectively. Employer contributions rates may change if plan contracts are amended. For the year ended September 30, 2021, the employer contributions to the plan were $478,789, plus additional elective contributions totaling $4,019 to reduce the Net Pension Liability (NPL).

Pension Liabilities/Assets, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

ACWA JPIA's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2021, for the year ended September 30, 2021. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. As of September 30, 2021, ACWA JPIA's proportionate share of the Plan's net pension liability (NPL) was ($4,765,400).

Using ACWA JPIA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for ACWA JPIA by the actuary. ACWA JPIA's proportionate share of the net pension liability for the Plan as of June 30, 2020, and 2021 were as follows:

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	Plan
Proportion - June 30, 2020	(.003275%)
Proportion - June 30, 2021	(.250969%)
Change	(.247694%)

For the year ended September 30, 2021, ACWA JPIA recognized a pension expense credit of $8,894,023, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience*	$ (534,388)	$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	4,159,942
Changes in proportions	1,456,290	
Changes in proportionate share of contributions		(1,379,057)
Contributions subsequent to the measurement date	105,334	
Total	$ 1,207,236	$ 2,780,885

*It should be noted that differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments show as negative deferred outflows of resources due to JPIA sharing a negative proportion of the pool liability while having a net pension asset.

As of September 30, 2021, the $105,334 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as an increase to the Net Pension Asset in the year ending September 30, 2022. As of September 30, 2021, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

Year Ended September 30	
2022	$ 770,832
2023	769,645
2024	1,012,715
2025	1,149,594

Actuarial Methods and Assumptions

The collective TPL for the June 30, 2021, measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the TPL to June 30, 2021. The collective TPL was based on the following assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] *The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.*

Changes of Assumptions

There were no changes of assumptions for the measurement period ended June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class [1]	Assumed Asset Allocation	Real Return Years 1 – 10[2,4]	Real Return Years 11+[3,4]
Public equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets		0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.92%
Total	100.00%		

[1] *In the system's Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.*
[2] *An expected inflation of 2.00% was used for this period.*
[3] *An expected inflation of 2.92% was used for this period.*
[4] *Figures are based on previous ALM of 2017.*

Sensitivity of ACWA JPIA's Proportional Share of the NPL/NPA to Changes in the Discount Rate

The following presents ACWA JPIA's Proportional Share of the NPL of the Plan as of the June 30, 2021, measurement date, calculated using the discount rate of 7.15%, as well as what ACWA JPIA's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
ACWA JPIA's Proportionate Share of Plan's NPL (NPA)	$ (361,002)	$ (4,765,400)	$ (8,406,452)

(10) OPEB

Plan Description

The JPIA has established a retiree healthcare plan that provides other postemployment health benefits for eligible retired employees, their spouses, surviving spouses, and dependents, through the ACWA Joint Powers Insurance Authority OPEB Plan (the Plan). The JPIA, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Benefit Trust (CERBT) Fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the JPIA.

Benefits Provided

ACWA JPIA employees who retire at age 55 or older with a minimum of ten years of service with the organization are eligible to receive lifetime medical benefits. Benefits are also provided to spouses, surviving spouses and dependent children (up to age 26) of participating retirees. For employees hired after January 31, 2018, an allowance of up to $500 (up to $1,000 with spouse or domestic partner coverage; no coverage for dependent children) will be provided for use towards medical premium using the same matrix below.

The amount of benefit a retiree receives is based on the following schedule. ACWA JPIA contributes 100% of the cost of coverage for employees who retire with age plus years of service equal to 75 or more.

Age plus Years of Service	ACWA JPIA Percentage of Premium Payment
65	50%
66	55%
67	60%
68	65%
69	70%
70	75%
71	80%
72	85%
73	90%
74	95%
75+	100%

Employees Covered

As of the June 30, 2021, actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	18
Inactive employees entitled to but not receiving benefits	0
Participating active employees	50
Total	68

Contributions

The JPIA provides benefits on a pay-as-you-go basis and makes contributions to the OPEB Trust. The JPIA's policy is to prefund their benefits by contributing the full actuarially determined contribution to the CERBT each year. The JPIA's employees are not required to contribute to the Plan.

Net OPEB Asset

The JPIA's net OPEB asset was measured as of June 30, 2021, and was determined by an actuarial valuation based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.01%
Salary Increases (1)	3.50%
Investment Rate of Return (2)	7.28%
Mortality (3)	CalPERS' Membership Data
Health care cost trend rates	The rate for post-65 participants is estimated at 5.00%. The rate for pre-65 is estimated as shown in the table below.

Year Beginning	Increase in Premium Rates
2020	Actual
2021	6.90%
2022	6.65%
2023	6.40%
2024	6.15%
2025	5.90%
2026	5.65%
2027	5.40%
2028	5.15%
2029 and later	5.00%

(1) Since benefits do not depend on salary, using an aggregate payroll assumption for purposes of calculating the service costs results in negligible error.

(2) Net of OPEB plan investment expense; includes inflation.

(3) The mortality rates used in this valuation are those used in the 2017 CalPERS demographic study.
Pre-Retirement: CalPERS 2017 Mortality
Post-Retirement: CalPERS 2017 Mortality

Assumption Changes

The average per capita claims cost was updated to reflect a baseline cost of $11,051 per year for pre-Medicare premiums, and $5,564 per year for post-Medicare premiums. The health care cost trend rate was updated to reflect 2020 industry survey data, the mortality, withdrawal, disablement, and retirement tables were updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

There have been no other assumption changes since the last measurement date.

The arithmetic long-term expected rate of return on OPEB plan investments for the next ten years was provided by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.47% inflation rate.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	**Target Allocation**	**Long-Term * Expected Real Rate of Return**
Equity	62.00%	4.11%
Fixed Income	30.00%	0.19%
Real Estate Investment Trusts	8.00%	5.57%
Total	100.00%	

*JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 2.01%.

Discount Rate

Accounting standards for OPEB require a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each period of projected benefit payments. The discount rate used to measure the total OPEB liability on June 30, 2021, is based on these requirements and the following information:

Discount Rate	**Bond Buyer 20-Bond GO Index**
7.28%	2.16%

Changes in the Net OPEB Asset

The changes in the net OPEB Asset for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance as of June 30, 2020,	$ 7,402,346	$ 8,815,653	$ (1,413,307)
Changes recognized for the measurement period:			
Service cost	272,149		272,149
Interest	551,507		551,507
Contributions—employer		201,239	(201,239)
Net investment income		2,421,291	(2,421,291)
Differences between expected and actual experience	150,000		150,000
Change of assumptions	(846,669)		(846,669)
Benefit payments	(201,239)	(201,239)	
Administrative expense		(3,335)	3,335
Net changes	(74,252)	2,417,956	(2,492,208)
Balance as of June 30, 2021 (Measurement date June 30, 2021)	$ 7,328,094	$ 11,233,609	$ (3,905,515)

Sensitivity of the JPIA's Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the JPIA, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (6.28%)	Current Discount Rate (7.28%)	Discount Rate +1% (8.28%)
Net OPEB Asset	$ 2,944,736	$ 3,905,515	$ 4,708,810

Sensitivity of the JPIA's Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the JPIA, as well as what the net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Trend Rate -1%	Health Care Trend Rate	Trend Rate +1%
Net OPEB Asset	$ 5,572,792	$ 3,905,515	$ 1,878,307

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OPEB plan fiduciary net position

Detailed information about the Plan's fiduciary net position is available on CalPERS' website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, and Schedule of Changes in Fiduciary Net Position by Employer." Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund's financial information.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended September 30, 2021, the JPIA recognized an OPEB expense credit of $304,625, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions after the measurement date*	$ 33,390	$ 0
Changes in assumptions		1,034,367
Differences between expected and actual experience	128,516	129,807
Net difference between projected and actual earnings on OPEB plan investments		1,206,990
Total	$ 161,906	$ 2,371,164

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*The $33,390 reported as deferred outflows of resources related to contributions after the June 30, 2021, measurement date will be recognized as an increase in the net OPEB Asset during the fiscal year ending September 30, 2022.

Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended September 30	Recognized Deferred Outflows/(Inflows) of Resources
2022	(481,374)
2023	(471,642)
2024	(489,138)
2025	(552,956)
2026	(147,600)
Thereafter	(99,938)
Total Deferred Resources:	$(2,242,648)

(11) Deferred Compensation Plan

The JPIA employees may defer a portion of their compensation under an employer sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by CalPERS and Lincoln Financial Group. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not the JPIA's property and are not subject to its control, they have been excluded from these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

SEPTEMBER 30, 2021

	Liability Program	Property Program	Workers' Compensation Program	Employee Benefits Program	Total
Unpaid Claims and Claim Adjustment at Beginning of the Fiscal Year	$ 23,786,393	$ 2,821,175	$ 24,424,930	$ 5,311,993	$ 56,344,491
Incurred Claims and Allocated Claim Adjustment Expense:					
Provisions for Insured Events of the Current Fiscal Year	15,139,515	3,108,470	7,723,051	63,681,834	89,652,870
Increase (decrease) in Provision for Incurred Events of Prior Fiscal Years	1,624,188	738,854	(3,593,964)	6,342,373	5,111,451
Total Incurred Claims and Allocated Claim Adjustment Expenses	16,763,703	3,847,324	4,129,087	70,024,207	94,764,321
Payments					
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	2,909,828	1,411,337	1,363,507	61,278,017	66,962,689
Claims and Allocated Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	6,452,325	1,061,045	3,282,488	8,147,190	18,943,048
Total Payments	9,362,153	2,472,382	4,645,995	69,425,207	85,905,737
Discounted Unpaid Claims and Allocated Claim Adjustment Expense at the End of the Fiscal Year	$ 31,187,943	$ 4,196,117	$ 23,908,022	$ 5,910,993	$ 65,203,075
Components:					
Provision for Claims (Current)	$ 7,674,522	$ 1,735,484	$ 5,413,310	$ 0	$ 14,823,316
Claims Reserves	10,167,752	2,173,750	4,855,259	0	17,196,761
Claims Incurred But Not Reported	12,285,347	11,610	11,434,203	5,910,993	29,642,153
Unallocated Loss Adjustment Liability	1,060,322	275,273	2,205,250	0	3,540,845
Total Claims Liability	$ 31,187,943	$ 4,196,117	$ 23,908,022	$ 5,910,993	$ 65,203,075

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TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

LIABILITY PROGRAM

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	$ 19,829,593	$ 17,696,468	$ 16,972,008	$ 15,731,018	$ 15,825,795	$ 16,819,754	$ 18,907,940	$ 18,938,052	$ 21,727,054	$ 23,053,520
Ceded	4,145,093	4,080,300	3,659,417	3,634,717	3,875,750	2,758,676	3,014,553	3,196,277	5,504,597	4,306,746
Net earned	15,684,500	13,616,168	13,312,591	12,096,301	11,950,045	14,061,078	15,893,387	15,741,775	16,222,457	18,746,774
2. Unallocated expenses	2,607,083	1,674,297	2,480,414	2,032,629	2,199,304	2,788,735	2,853,721	1,895,503	1,596,359	552,004
3. Estimated claims and expenses end of policy year:										
Incurred	11,501,735	11,340,999	11,992,230	14,740,360	15,010,541	12,623,498	12,521,301	14,101,240	14,992,990	15,852,797
Ceded	3,340,797	2,803,191	2,829,815	2,688,625	3,489,316	949,000	860,000	1,025,000	1,155,000	1,222,000
Net incurred	8,160,938	8,537,808	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797
4. Net paid (cumulative) as of :										
End of policy year	980,968	1,327,647	2,058,691	2,355,454	2,313,638	1,702,912	1,827,061	1,622,001	2,812,515	2,909,828
One year later	2,347,481	2,892,313	3,985,953	4,630,229	5,197,925	3,375,115	3,176,237	9,430,733	6,238,788	
Two years later	5,333,836	4,419,948	5,066,762	5,405,345	9,257,380	6,537,956	5,560,989	10,866,250		
Three years later	6,184,173	4,569,894	5,883,558	7,270,381	9,148,742	6,713,185	6,826,024			
Four years later	6,176,719	4,592,713	6,077,650	7,010,514	9,158,435	6,844,171				
Five years later	6,345,207	4,647,004	6,112,400	7,283,663	9,156,252					
Six years later	6,496,242	4,647,004	7,996,565	7,284,406						
Seven years later	6,543,103	4,648,071	7,995,529							
Eight years later	7,310,419	4,648,432								
Nine years later	7,310,419									
5. Reestimated claims and expenses:	0	8,000	13,122,587	0	0	99,000	285,000	9,500,000	772,000	1,222,000
6. Reestimated net incurred claims and expenses:										
End of policy year	8,160,938	8,537,808	9,162,415	12,051,735	11,521,225	11,674,498	11,661,301	13,076,240	13,837,990	14,630,797
One year later	7,445,949	6,729,662	10,676,485	8,611,154	10,817,319	10,717,162	10,791,082	15,836,297	13,526,276	
Two years later	6,853,715	6,742,879	9,275,901	7,454,187	10,800,508	9,064,480	10,205,529	17,077,914		
Three years later	8,546,852	5,191,809	8,487,171	7,961,888	9,960,435	7,428,404	10,999,841			
Four years later	6,607,018	4,744,468	8,216,397	7,312,945	9,353,029	7,366,721				
Five years later	7,399,352	4,711,351	8,165,264	7,498,827	9,156,253					
Six years later	7,471,152	4,647,005	7,996,565	7,284,406						
Seven years later	7,403,311	4,655,076	7,995,529							
Eight years later	7,310,994	4,650,006								
Nine years later	7,310,419									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (850,519)	$ (3,887,802)	$ (1,166,886)	$ (4,767,329)	$ (2,364,972)	$ (4,307,777)	$ (661,460)	$ 4,001,674	$ (311,714)	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

PROPERTY PROGRAM

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	$ 4,607,305	$ 4,875,627	$ 5,111,733	$ 5,313,836	$ 5,062,856	$ 5,287,901	$ 5,734,800	$ 5,962,639	$ 6,943,685	$ 8,468,391
Ceded	3,050,768	3,368,987	2,720,489	2,318,261	1,527,000	1,523,521	1,657,369	3,042,615	4,844,385	6,464,344
Net earned	1,556,537	1,506,640	2,391,244	2,995,575	3,535,856	3,764,380	4,077,431	2,920,024	2,099,300	2,004,047
2. Unallocated expenses	309,319	192,097	421,225	1,754,005	1,666,816	1,921,459	1,209,961	1,551,346	1,254,057	172,981
3. Estimated claims and expenses end of policy year:										
Incurred	2,458,165	2,532,879	3,122,568	949,153	1,403,306	5,960,208	4,625,770	13,273,427	2,196,813	4,460,497
Ceded	1,665,007	1,815,000	1,917,000	96,880	531,733	4,226,383	3,316,000	10,419,000	455,000	1,326,000
Net incurred	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497
4. Net paid (cumulative) as of :										
End of policy year	661,882	596,198	952,945	611,312	847,420	1,275,484	1,089,031	2,110,318	735,138	1,902,445
One year later	760,239	616,432	1,052,728	778,469	848,772	1,211,080	1,146,171	2,202,967	1,203,955	
Two years later	822,930	615,623	1,047,753	808,445	849,197	1,183,299	1,165,339	2,427,451		
Three years later	922,930	615,623	1,047,753	801,718	869,804	1,139,451	1,079,440			
Four years later	922,930	615,623	1,105,398	759,655	869,804	1,141,746				
Five years later	922,930	615,623	1,105,398	759,655	869,804					
Six years later	922,930	615,623	1,105,398	759,655						
Seven years later	922,930	615,623	1,105,398							
Eight years later	922,930	615,623								
Nine years later	922,930									
5. Reestimated claims and expenses:	1,635,784	699,338	359,408	0	398,104	4,772,580	2,549,000	12,440,000	1,302,000	1,326,000
6. Reestimated net incurred claims and expenses:										
End of policy year	793,158	717,879	1,205,568	852,273	871,573	1,733,825	1,309,770	2,854,427	1,741,813	3,134,497
One year later	767,256	618,919	1,052,729	1,039,107	870,772	1,512,876	1,148,440	2,582,914	2,318,206	
Two years later	899,853	615,623	1,047,754	809,445	871,272	1,259,393	1,167,503	2,459,948		
Three years later	922,930	615,623	1,107,754	801,718	871,272	1,253,000	1,079,441			
Four years later	922,930	615,623	1,105,399	759,655	871,272	1,153,356				
Five years later	922,930	615,623	1,105,399	759,655	871,272					
Six years later	922,930	615,623	1,105,399	759,655						
Seven years later	922,930	615,623	1,105,399							
Eight years later	922,930	615,623								
Nine years later	922,930									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ 129,772	$ (102,256)	$ (100,169)	$ (92,618)	$ (301)	$ (580,469)	$ (230,329)	$ (394,479)	$ 576,393	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021

WORKERS' COMPENSATION

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Required contribution and investment revenue:										
Earned	$ 12,487,238	$ 13,423,399	$ 12,554,931	$ 12,528,820	$ 12,593,296	$ 12,904,089	$ 13,150,524	$ 13,822,457	$ 14,979,984	$ 13,856,399
Ceded	413,858	516,165	523,904	431,752	506,645	556,796	499,119	507,276	534,177	549,670
Net earned	12,073,380	12,907,234	12,031,027	12,097,068	12,086,651	12,347,293	12,651,405	13,315,181	14,445,807	13,306,729
2. Unallocated expenses:	2,591,156	3,364,592	2,193,540	2,769,452	2,143,417	2,366,871	2,325,929	2,064,391	1,704,510	800,815
3. Estimated claims and expenses end of policy year:										
Incurred	6,404,310	5,915,673	6,196,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
Ceded	230,000	32,500	130,000	0	0	0	0	0	0	0
Net incurred	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
4. Net paid (cumulative) as of :										
End of policy year	1,512,505	1,665,717	1,472,839	1,332,057	1,151,894	1,611,621	1,365,070	1,379,721	1,908,694	1,741,263
One year later	2,351,310	3,039,536	2,499,754	2,726,529	1,666,309	2,345,827	2,248,484	2,343,026	3,104,064	
Two years later	2,901,384	3,944,478	3,207,520	3,343,412	2,086,129	2,657,368	2,579,285	3,008,537		
Three years later	3,238,077	4,974,571	3,675,577	3,828,609	2,274,301	2,995,480	2,828,582			
Four years later	3,408,547	5,612,187	4,198,011	4,131,207	2,561,481	3,149,659				
Five years later	3,554,532	5,947,094	4,452,783	4,412,425	2,635,281					
Six years later	4,989,772	6,449,578	4,527,664	4,611,577						
Seven years later	5,177,253	6,642,776	4,603,819							
Eight years later	5,386,729	6,767,339								
Nine years later	5,440,981									
5. Reestimated claims and expenses:	292,073	0	0	0	0	0	0	0	0	0
6. Reestimated net incurred claims and expenses:										
End of policy year	6,174,310	5,883,173	6,066,556	5,805,056	5,698,539	7,202,203	6,645,736	6,903,658	7,513,616	6,810,448
One year later	5,377,941	6,382,564	5,387,863	6,638,361	4,581,505	5,965,054	5,901,694	6,046,702	6,668,007	
Two years later	5,632,117	6,853,254	5,705,488	6,740,067	3,800,513	5,069,443	5,082,436	5,131,153		
Three years later	5,255,945	7,985,933	5,778,062	6,080,657	3,555,630	4,594,823	4,543,984			
Four years later	5,343,587	8,496,518	5,615,771	5,992,903	3,362,048	4,350,572				
Five years later	5,415,049	8,816,370	5,480,036	5,780,867	3,220,651					
Six years later	5,829,245	8,815,573	5,034,373	5,840,153						
Seven years later	6,104,408	8,152,415	4,995,580							
Eight years later	6,103,421	8,096,333								
Nine years later	6,041,299									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (133,011)	$ 2,213,160	$ (1,070,976)	$ 35,097	$ (2,477,888)	$ (2,851,631)	$ (2,101,752)	$ (1,772,505)	$ (845,609)	$ 0

ASSOCIATION CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF SEPTEMBER 30, 2021**

EMPLOYEE BENEFITS

	2012*	2013	2014	2015	2016	2017	2018	2019	2020
1. Required contribution and investment revenue:									
Earned	$ 56,282,726	$ 114,818,392	$ 122,385,734	$ 124,199,980	$ 132,820,573	$ 141,651,982	$ 149,060,582	$ 149,327,404	$ 152,752,376
Ceded	541,419	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,452	3,042,473
Net earned	55,741,307	113,981,901	121,355,749	122,923,552	131,281,772	140,015,539	146,953,041	146,479,952	149,709,903
2. Unallocated expenses:	737,231	1,734,193	2,878,450	3,681,387	2,994,455	2,817,544	2,443,630	2,677,795	2,221,597
3. Estimated claims and expenses end of policy year:									
Incurred	35,205,118	70,429,600	73,414,224	81,097,989	86,200,856	82,300,575	77,042,190	74,922,732	69,713,938
Ceded	3,262,087	755,783	691,553	1,908,777	4,646,895	1,220,439	2,580,695	1,199,949	1,139,603
Net incurred	31,943,031	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335
4. Net paid (cumulative) as of :									
End of policy year	31,943,031	69,673,817	74,354,752	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335
One year later	32,327,809	69,742,278	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	
Two years later	31,837,837	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126	81,297,624				
Five years later	31,837,897	69,779,919	74,346,152	78,661,126					
Six years later	31,837,897	69,780,190	74,346,303						
Seven years later	31,840,108	69,780,190							
Eight years later	31,840,108								
5. Reestimated claims and expenses:	3,262,087	755,783	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,139,603
6. Reestimated net incurred claims and expenses:									
End of policy year	31,943,031	69,673,817	72,722,671	79,189,212	81,553,961	81,080,136	74,461,495	73,722,783	68,574,335
One year later	35,484,702	70,594,649	74,319,010	79,155,502	81,292,341	80,826,492	73,801,326	71,802,955	
Two years later	34,609,952	69,744,060	74,319,010	78,652,326	81,295,992	80,840,759	73,346,741		
Three years later	31,837,948	69,744,060	74,319,761	78,661,126	81,297,624	80,840,661			
Four years later	31,837,948	69,748,815	74,345,853	78,661,126	81,297,624				
Five years later	31,837,897	69,779,919	74,346,152	78,661,126					
Six years later	31,837,897	69,780,190	74,346,303						
Seven years later	31,840,108	69,780,190							
Eight years later	31,840,108								
7. Increase (decrease) in estimated incurred claims and expense from end of policy year:	$ (102,923)	$ 106,373	$ 1,623,632	$ (528,086)	$ (256,337)	$ (239,475)	$ (1,114,754)	$ (1,919,828)	$ 0

* First year of Program covered the period of July 1, 2012 through December 31, 2012.
** Policy year data is through December 31 of the previous calendar year

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Notes to Required Supplementary Information
Year Ended September 30, 2021

(1) Reconciliation of Claims Liabilities by Type of Contract

These schedules represent the changes in claims liabilities in the past year for the Liability, Property, Workers' Compensation, Employee Benefit Programs, and the new captive company, CWIF.

(2) Claims Development Information

The table illustrates how earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses as of the end of each of the past ten years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the gross incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. This section of ten rows shows the cumulative net amounts paid as of the net of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows the annually re-estimated results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF CHANGES IN THE NET OPEB ASSET
AND RELATED RATIOS
for the Measurement Periods Ended June 30,
LAST 10 YEARS*

	2018	2019	2020	2021
TOTAL OPEB LIABILITY				
Service cost	$ 269,165	$ 282,624	$ 259,189	$ 272,149
Interest	476,950	518,285	510,671	551,507
Differences between expected and actual experience	(11)	(178,909)	(31,073)	150,000
Changes of assumptions	0	(516,365)	0	(846,669)
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)
NET CHANGE IN TOTAL OPEB LIABILITY	555,116	(86,962)	558,032	(74,252)
TOTAL OPEB LIABILITY, Beginning	6,376,160	6,931,276	6,844,314	7,402,346
TOTAL OPEB LIABILITY, Ending (a)	6,931,276	6,844,314	7,402,346	7,328,094
PLAN FIDUCIARY NET POSITION				
Contributions—employer	319,185	232,094	278,058	201,239
Net investment income	483,241	488,951	297,577	2,421,291
Benefit payments	(190,988)	(192,597)	(180,755)	(201,239)
Administrative expense	(3,795)	(3,890)	(4,190)	(3,335)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	607,643	524,558	390,690	2,417,956
PLAN FIDUCIARY NET POSITION, Beginning	7,292,762	7,900,405	8,424,963	8,815,653
PLAN FIDUCIARY NET POSITION, Ending (b)	7,900,405	8,424,963	8,815,653	11,233,609
NET OPEB LIABILITY (ASSET), Ending (a) - (b)	$ (969,129)	$ (1,580,649)	$ (1,413,307)	$ (3,905,515)
Plan fiduciary net position as a percentage of the total OPEB liability	113.98%	123.09%	119.09%	153.30%
Covered payroll	$ 4,470,013	$ 5,092,412	$ 5,063,961	$ 5,346,015
Net OPEB asset as a percentage of covered payroll	-21.68%	-31.04%	-27.91%	-73.05%

Notes to Schedule:
During the measurement period ended June 30, 2018, the plan was amended to provide the coverage to surviving spouses.

Assumption Changes:
In 2019, the average per capita claims cost was updated to reflect actual 2019 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, the mortality, withdrawal, disablement, and retirement tables was updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

* Fiscal year 2018 was the 1st year of implementation, therefore only four years are presented.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF OPEB CONTRIBUTIONS
AS OF SEPTEMBER 30,
LAST 10 YEARS*

	2018	2019	2020	2021
Actuarial determined contribution	$ 221,901	$ 232,094	$ 278,058	$ 291,961
Contributions in relation to the actuarially determined contribution	(221,901)	(232,094)	(278,058)	(201,239)
Contribution deficiency (excess)	0	0	0	90,722
Covered payroll	4,524,319	4,837,414	5,158,992	5,354,008
Contributions as a percentage of covered payroll	4.90%	4.80%	5.39%	5.45%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for all plan years were from June 30 actuarial valuations.

Methods and assumptions used to determine contributions:

The discount rate for determining the actuarially determined contribution has been set based on the assumption that assets will be sufficient to cover all future benefit payments under the plan, and that the employer will annually make contributions equal to the actuarially determined contribution.
For additional methods and assumptions refer to note 10 of the financial statements.

* Fiscal year 2018 was the 1st year of implementation, therefore only four years are presented.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
As Of September 30, 2021
Last 10 Years*

	Measurement Date						
	6/30/2015	**6/30/2016**	**6/30/2017**	**6/30/2018**	**6/30/2019**	**6/30/2020**	**6/30/2021**
The JPIA's Proportion of the Net Pension Liability (Asset)	(0.01024%)	0.038815%	0.013959%	(0.023017%)	(0.008359%)	(0.003275%)	(0.25097%)
The JPIA's Proportionate Share of the Net Pension Liability (Asset)	($280,963)	$1,348,385	$550,282	($867,450)	($334,731)	($138,133)	($4,765,400)
The JPIA's Covered Payroll	$3,838,778	$4,240,054	$4,411,665	$4,470,013	$4,759,677	$5,063,961	$5,549,223
The JPIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	(7.32%)	31.80%	12.47%	(19.41%)	(7.03%)	(2.73%)	(85.88%)
The JPIA's Proportionate Share of the Fiduciary Net Position as a Percentage of the JPIA's Total Pension Liability	101.34%	78.40%	73.31%	75.26%	75.26%	75.10%	88.29%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

Notes to Schedule:

Change of benefit terms - There were no changes to the benefit terms.

Changes in assumptions - In 2018, demographic assumptions and inflation rate were changed in accordance with CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the financial reporting discount rate was lowered from 7.65% to 7.15%.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
As of fiscal year ending September 30, 2021
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution (actuarially determined)	$ 334,581	$ 352,666	$ 349,738	$ 361,115	$ 401,175	$ 437,050	$ 478,790
Contributions in relation to the actuarially determined contributions	334,581	352,666	349,738	361,115	401,175	437,050	478,790
Contribution deficiency (excess)	0	0	0	0	0	0	0
Covered payroll	$3,917,613	$4,519,745	$4,428,325	$4,524,319	$4,837,414	$5,158,992	$5,354,008
Contributions as a percentage of covered payroll	8.54%	7.80%	7.90%	7.98%	8.29%	8.47%	8.94%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2021

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	EMPLOYEE BENEFITS	RPA ADJUSTMENTS	CWIF	INTER-FUND ELIMINATIONS	TOTALS
OPERATING REVENUES											
Member premiums	$ 22,162,155	$ 439,753	$ 8,916,727	$ 680,693	$ 13,039,509	$ 35,506	$ 155,500,955	$ 0	$ 35,855,571	$ (35,855,571)	$ 200,775,298
Retrospective premium adjustments	(6,002,861)	0	1,572,189	0	(10,387,549)	(29,062)	0	3,389,717	0	0	(11,457,566)
TOTAL OPERATING REVENUES	16,159,294	439,753	10,488,916	680,693	2,651,960	6,444	155,500,955	3,389,717	35,855,571	(35,855,571)	189,317,732
OPERATING EXPENSES											
Claims expense:											
Claims paid	12,174,668	0	2,472,382	0	4,714,909	0	69,425,207		8,066,009	(10,947,438)	85,905,737
Change in claims reserves	7,949,196	0	1,335,634	0	781,334	0	0		4,114,840	(9,431,222)	4,749,782
Change in claims incurred but not reported	9,645,107	0	(96,476)	0	574,873	0	599,000		8,514,996	(16,430,096)	2,807,404
Change in unallocated loss adjustment expense	832,721	0	135,784	0	332,893	0	0		(3,470,850)	3,470,850	1,301,398
Total claims expense	30,601,692	0	3,847,324	0	6,404,009	0	70,024,207	0	17,224,995	(33,337,906)	94,764,321
Excess insurance	(11,993,254)	439,753	6,917,074	747,667	(1,709,068)	17,053	2,620,813		0	18,642,725	15,682,763
Benefit premiums	0	0	0	0	0	0	64,061,027		0	0	64,061,027
Pension expense (credit)	(3,013,853)	0	(1,407,335)	0	(3,623,464)		(447,716)		0	0	(8,492,368)
General, Administrative & Depreciation	2,735,658	0	1,301,988	(66,974)	3,462,884	0	1,311,158		14,975,688	(14,975,689)	8,744,713
TOTAL OPERATING EXPENSES	18,330,243	439,753	10,659,051	680,693	4,534,361	17,053	137,569,489	0	32,200,683	(29,670,870)	174,760,456
OPERATING INCOME (LOSS)	(2,170,949)	0	(170,135)	0	(1,882,401)	(10,609)	17,931,466	3,389,717	3,654,888	(6,184,701)	14,557,276
NONOPERATING REVENUES											
Investment income	2,359,490	0	179,701	0	2,044,025	15,370	1,487,837		4,167,542	(4,167,542)	6,086,423
Net increase (decrease) in investment fair value	(188,541)	0	(9,566)	0	(161,624)	(1,211)	(1,335,985)		7,176,553	0	5,479,626
TOTAL NONOPERATING REVENUES	2,170,949	0	170,135	0	1,882,401	14,159	151,852	0	11,344,095	(4,167,542)	11,566,049
CHANGE IN NET POSITION	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,550	$ 18,083,318	$ 3,389,717	$ 14,998,983	$ (10,352,243)	$ 26,123,325

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	2021	Memo Only 2020
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	$ 566,989	$ 407,837
Premiums receivable	23,447,622	13,397,926
TOTAL CURRENT ASSETS	24,014,611	13,805,763
NONCURRENT ASSETS		
Investments	76,389,018	44,317,230
TOTAL ASSETS	100,403,629	58,122,993
LIABILITIES:		
CURRENT LIABILITIES		
Accounts payable	8,066,009	3,496,093
Dividends payable	4,167,542	0
Unearned premiums	10,033,451	10,069,688
Claims reserves	8,148,049	2,283,527
TOTAL CURRENT LIABILITIES	30,415,051	15,849,308
NONCURRENT LIABILITIES		
Administrative fees payable to JPIA	10,808,146	3,470,850
Claims reserves	1,283,174	3,032,856
Claims incurred but not reported	16,430,097	7,915,101
TOTAL NONCURRENT LIABILITIES	28,521,417	14,418,807
TOTAL LIABILITIES	58,936,468	30,268,115
NET POSITION:		
Capital stock	250,000	250,000
Unrestricted	41,217,161	27,604,878
TOTAL NET POSITION	$ 41,467,161	$ 27,854,878

.

CALIFORNIA WATER INSURANCE FUND

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	2021	Memo Only 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for premiums	$ 24,411,262	$ 19,400,000
Payments for claims	(2,881,429)	0
Payments for administrative fees	(642,988)	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,886,845	19,400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Paid in capital from JPIA	0	22,249,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(40,362,735)	(58,239,137)
Proceeds from sales of investments	18,359,245	16,544,367
Investment earnings	1,428,536	508,651
Investment expenses	(152,739)	(56,033)
NET CASH USED BY INVESTING ACTIVITIES	(20,727,693)	(41,242,152)
Increase in cash and cash equivalents	159,152	407,837
Cash and cash equivalents, beginning	407,837	0
Cash and cash equivalents, end of year	$ 566,989	$ 407,837
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 2,268,188	$ 2,529,812
Adjustments to net cash provided by operating activities:		
Change in member premiums receivable	(10,049,696)	(13,397,927)
Changes in accounts payable	4,569,916	3,496,093
Changes in admininstrative fees payable	7,337,296	0
Changes in dividends payable	4,167,542	0
Change in unearned member premiums	(36,237)	10,069,688
Change in claims liabilities	12,629,836	16,702,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,886,845	$ 19,400,000

STATISTICAL SECTION

STATISTICAL SECTION

This following section of the financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about ACWA JPIA's overall financial position.

Financial Trends

These schedules contain trend information to help explain ACWA JPIA's financial performance over time. They highlight how revenues, expenses, and changes in the net position have developed over the years.

Demographic and Economic Information

These schedules offer demographic and economic information indicators to explain the environment to which ACWA JPIA's financial activities take place. The number of liability, property and workers' compensation claims are indicators of claims expenses.

Payroll totals for liability and workers' compensation, along with claims experience, are the main indicators for premium revenue. Property "totally insured values" are used as indicators for property program premiums.

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since ACWA JPIA does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF NET POSITION
Last Ten Fiscal Years

	Fiscal Year September 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Assets										
Current assets	$ 76,819,567	$ 88,718,697	$ 69,901,479	$ 72,465,623	$ 64,697,698	$ 67,511,963	$ 60,182,304	$ 75,977,556	$ 90,574,861	$ 55,041,382
Noncurrent assets	111,214,183	106,104,907	125,682,527	122,029,131	124,869,063	131,853,381	128,161,913	136,122,295	146,950,212	216,728,977
TOTAL ASSETS	188,033,750	194,823,604	195,584,006	194,494,754	189,566,761	199,365,344	188,344,217	212,099,851	237,525,073	271,770,359
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS[1]				625,033	1,065,779	1,404,974	1,063,032	480,729	741,645	1,027,236
DEFERRED OUTFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]							35,283	73,061	313,105	161,906
Liabilities										
Current liabilities	60,219,720	52,189,011	53,163,043	55,874,099	63,978,099	65,377,439	44,238,468	49,702,296	55,629,664	41,783,045
Noncurrent liabilities	40,450,696	48,118,825	54,463,790	57,465,715	57,496,224	58,494,030	56,582,233	62,344,624	57,445,500	81,775,645
TOTAL LIABILITIES	100,670,416	100,307,836	107,626,833	113,339,814	121,474,323	123,871,469	100,820,701	112,046,920	113,075,164	123,558,690
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS[1]				846,155	1,802,985	1,576,175	2,117,303	1,070,024	1,281,433	(2,780,885)
DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS[2]							38,924	602,195	536,019	2,371,164
Net Position										
Net investment in capital assets	6,904,191	6,560,350	6,206,203	5,302,885	5,072,656	4,839,789	4,641,581	4,539,034	4,310,372	4,104,251
Unrestricted	80,459,143	87,955,418	81,750,970	75,630,933	63,630,961	70,482,885	81,824,023	94,395,468	119,376,835	145,706,281
TOTAL NET POSITION	$ 87,363,334	$ 94,515,768	$ 87,957,173	$ 80,933,818	$ 68,703,617	$ 75,322,674	$ 86,465,604	$ 98,934,502	$ 123,687,207	$ 149,810,532

1- Beginning in the fiscal year ended September 30, 2015, GASB 68 required the recognition of net pension liability, the related deferred outflows and inflows of resources, and pension expenses.
2- Beginning in the fiscal year ended September 30, 2018, GASB 75 required the recognition of net other postemployment benefits (OPEB) liability, the related deferred outflows and inflows of resources, and OPEB expenses.

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year Ended September 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021***
REVENUES										
Member premiums	$ 60,219,073	$ 147,247,532	$ 152,994,168	$ 154,042,184	$ 159,008,617	$ 171,496,710	$ 179,425,274	$ 183,179,723	$ 194,507,327	$ 200,775,298
Retrospective premium adjustments	(1,782,760)	(6,957,472)	(10,979,765)	3,619,551	(12,017,219)	(1,504,527)	(3,380,970)	(9,532,430)	(5,377,009)	(11,457,566)
TOTAL OPERATING REVENUES	58,436,313	140,290,060	142,014,403	157,661,735	146,991,398	169,992,183	176,044,304	173,647,293	189,130,318	189,317,732
EXPENSES										
Claims paid	27,272,010	79,132,931	86,929,610	92,455,329	97,258,190	92,556,531	93,668,325	87,791,048	90,772,703	85,905,737
Change in excess aggregate recovery	(8,186)	399,779	0	0	0	0	0	0	0	0
Change in claim reserves	395,087	1,651,729	1,109,472	4,098,558	(1,008,442)	(255,677)	3,187,095	3,253,830	(103,945)	4,749,782
Change in claims incurred but not reported	3,058,785	(2,586,808)	616,144	4,153,850	(3)	3,832,135	(6,123,633)	172,859	(4,252,240)	2,807,404
Change in unallocated loss adjustment expenses	86,653	(154,761)	490,716	281,517	277,793	165,446	(304,308)	51,335	(686,050)	1,301,398
TOTAL CLAIMS EXPENSE	30,804,349	78,442,870	89,145,942	100,989,254	96,527,538	96,298,435	90,427,479	91,269,072	85,730,468	94,764,321
Excess insurance and premium payments	17,301,864	47,335,990	52,622,414	53,517,864	54,164,327	56,875,871	63,658,940	68,238,635	76,240,115	79,743,790
General and administrative	6,641,962	7,198,325	7,549,473	9,346,478	10,642,018	10,741,391	10,865,359	9,630,392	10,687,493	28,733
Depreciation	322,936	322,789	366,360	341,832	268,088	254,843	244,521	218,147	228,662	223,612
TOTAL OPERATING EXPENSES	55,071,111	133,299,974	149,684,189	164,195,428	161,601,971	164,170,540	165,196,299	169,356,246	172,886,738	174,760,456
OPERATING INCOME (LOSS)	3,365,202	6,990,086	(7,669,786)	(6,533,693)	(14,610,573)	5,821,643	10,848,005	4,291,047	16,243,580	14,557,276
SPECIAL ITEM										
Net position acquired from merger	34,986,207									
NONOPERATING REVENUES AND EXPENSES										
Net investment income	1,699,881	162,348	1,111,191	2,738,962	2,380,372	797,414	294,925	8,177,851	8,509,125	11,566,049
CHANGE IN NET POSITION	$ 40,051,290	$ 7,152,434	$ (6,558,595)	$ (3,794,731)	$ (12,230,201)	$ 6,619,057	$ 11,142,930	$ 12,468,898	$ 24,752,705	$ 26,123,325

*General and administrative expenses reflect pension credit of $8,492,368 in accordance with GASB 68 (see MD&A for details)

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

REVENUES BY PROGRAM
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Change in Rate Stabilization Fund & GASB Adj's	Totals
2011-12	17,338,107	258,944	4,068,841	246,167	11,235,128	12,269	$ 26,901,485			75,253	60,136,194
	28.83%	0.43%	6.77%	0.41%	18.68%	0.02%	44.73%			0.13%	
2012-13	16,490,152	265,276	3,946,776	250,736	8,044,738	12,271	112,521,087			(1,078,628)	140,452,408
	11.74%	0.19%	2.81%	0.18%	5.73%	0.01%	80.11%			-0.77%	
2013-14	11,430,667	255,503	4,925,813	260,521	10,965,338	12,378	119,699,883			(4,424,509)	143,125,594
	7.99%	0.18%	3.44%	0.18%	7.66%	0.01%	83.63%			-3.09%	
2014-15	21,062,280	255,500	4,316,367	253,987	10,025,093	12,682	122,243,564			2,231,224	160,400,697
	13.13%	0.16%	2.69%	0.16%	6.25%	0.01%	76.21%			1.39%	
2015-16	7,064,155	255,500	5,321,990	262,220	13,040,835	12,680	126,441,388			(3,026,998)	149,371,770
	4.73%	0.17%	3.56%	0.18%	8.73%	0.01%	84.65%			-2.03%	
2016-17	14,594,442	257,403	4,628,900	305,519	9,642,153	16,650	137,343,585			4,000,945	170,789,597
	8.55%	0.15%	2.71%	0.18%	5.65%	0.01%	80.42%			2.34%	
2017-18	17,147,781	261,024	5,259,036	372,025	7,709,196	14,079	143,957,698			1,618,390	176,339,229
	9.72%	0.15%	2.98%	0.21%	4.37%	0.01%	81.64%			0.92%	
2018-19	15,072,798	279,607	6,963,310	614,451	9,716,581	16,289	149,417,400			(255,292)	181,825,144
	8.29%	0.15%	3.83%	0.34%	5.34%	0.01%	82.18%			-0.14%	
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	21,015	154,805,758	25,831,640	(22,756,563)	(2,532,177)	197,639,443
	12.41%	0.20%	4.44%	0.64%	3.70%	0.01%	78.33%	13.07%	-11.51%	-1.28%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	20,603	155,652,807	45,812,966	(38,636,413)	3,389,717	200,883,781
	9.12%	0.22%	5.31%	0.34%	2.26%	0.01%	77.48%	22.81%	-19.23%	1.69%	

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

EXPENSES BY PROGRAM
For the Fiscal Year Ending September 30,

Fiscal Year	Liability	Dam	Property	Pass-Thru	Workers' Compensation	Underground Storage Tanks	Employee Benefits	CWIF	Interfund Eliminations	Totals
2011-12	14,478,675	258,944	4,068,841	246,167	10,632,214	10,532	$ 25,375,738			55,071,111
	26.29%	0.47%	7.39%	0.45%	19.31%	0.02%	46.08%			
2012-13	16,006,207	265,276	3,946,774	250,736	7,499,767	10,438	105,320,776			133,299,974
	12.01%	0.20%	2.96%	0.19%	5.63%	0.01%	79.01%			
2013-14	11,430,667	255,503	4,925,813	260,522	10,965,338	10,260	121,836,086			149,684,189
	7.64%	0.17%	3.29%	0.17%	7.33%	0.01%	81.40%			
2014-15	21,062,280	255,500	4,066,367	253,987	10,025,093	10,564	128,521,637			164,195,428
	12.83%	0.16%	2.48%	0.15%	6.11%	0.01%	78.27%			
2015-16	7,064,155	255,500	4,821,990	262,220	13,040,834	10,564	136,146,708			161,601,971
	4.37%	0.16%	2.98%	0.16%	8.07%	0.01%	84.25%			
2016-17	14,594,442	257,403	4,128,900	305,519	9,642,153	14,243	135,227,880			164,170,540
	8.89%	0.16%	2.52%	0.19%	5.87%	0.01%	82.37%			
2017-18	17,147,781	261,024	4,759,037	372,025	7,709,196	11,720	134,935,516			165,196,299
	10.38%	0.16%	2.88%	0.23%	4.67%	0.01%	81.68%			
2018-19	15,072,798	279,607	6,713,310	614,451	9,716,581	13,464	136,946,035			169,356,246
	8.90%	0.17%	3.96%	0.36%	5.74%	0.01%	80.86%			
2019-20	24,523,703	403,325	8,769,309	1,263,183	7,310,250	17,587	133,129,193	20,226,751	(22,756,563)	172,886,738
	14.18%	0.23%	5.07%	0.73%	4.23%	0.01%	77.00%	11.70%	-13%	
2020-21	18,330,243	439,753	10,659,051	680,693	4,534,361	17,053	137,569,489	32,200,683	(29,670,870)	174,760,456
	10.49%	0.25%	6.10%	0.39%	2.59%	0.01%	78.72%	18.43%	-17%	

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

SCHEDULE OF RATE STABILIZATION FUND ACTIVITY
For the Fiscal Years Ending September 30,

Fiscal Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Liability											
Payroll Adjustments	*	$ (41,178)	$ 8,771	$ 77,449	$ 205,975	$ (21,465)	$ (54,358)	$ 63,818	$ (169,042)	$ (447,382)	$ (238,047)
RPA's	*	(414,298)	3,871,891	(1,193,460)	3,355,680	(707,907)	9,489,820	2,488,066	1,891,742	242,260	4,299,266
10% Program	*	(1,006,330)	(861,439)	(416,028)	(251,999)	(1,041,835)	(1,493,572)	0	(1,017,753)	(1,648,316)	(1,633,975)
Cat Funds	*	0	(5,357,186)	1,106,460	2,201,780	896,656	(603,846)	351,039	(146,026)	1,907,767	121,757
Property											
RPA's	*	770,282	1,497,493	747,493	422,814	324,287	699,465	891,754	431,317	531,326	0
Workers' Comp											
RPA's	*	5,120,265	(1,815,910)	(182,993)	(1,294,405)	(487,746)	75,039	5,013,647	3,184,330	4,749,199	7,233,304
Cat Funds			(911,678)	1,154,883	(752,710)	(631,586)	(872,242)	456,049	(138,797)	(209,062)	230,896
Underground - Storage Tanks											
RPA's	*	0	0	0	0	0	0	0	7,555	0	0
Cat Funds	*	0	0	0	0	0	0	0	0	0	0
UTEL											
RPA's	*	0	0	0	0	0	0	0	0	0	0
Cat Funds	*	0	0	0	0	0	0	0	0	0	0
Totals		$ 4,428,741	$ (3,568,058)	$ 1,293,804	$ 3,887,135	$ (1,669,596)	$ 7,240,306	$ 9,264,373	$ 4,043,326	$ 5,125,792	$ 10,013,201
Cash Flow											
Members Billed		2,766	8,551	7,556	115,297	0	0	0	6,530	0	0
Self Insured Fund into R:		4,573,112	0	0	0	0	0	0	0	0	0
Refunds to Members		(4,356,252)	(3,787,895)	(3,464,519)	(3,565,724)	(1,077,368)	(4,713,370)	(6,840,987)	(4,569,107)	(5,905,812)	(6,210,994)
Net Total		$ 4,648,367	$ (7,347,402)	$ (2,163,159)	$ 436,708	$ (2,746,964)	$ 2,526,936	$ 2,423,386	$ (519,251)	$ (780,020)	$ 3,802,207

* The Rate Stabilization Fund (RSF) contains the Retrospective Premium Adjustments (RPA's), Liability Payroll Adjustments, and closed Catastrophic Funds.
For qualifying members of the 10% Liability Program, the RSF is used to reduce current Liability Premiums. Where noted "*" a bracketed number "( )" means the members owed the JPIA funds and it reduces the RSF account while a positive amount increases the account.
Each September 30th members' accounts are reconciled. Active members' with accounts over 60% of their current basic Liability Program Premium receive a refund.

ASSOCIATION OF CALIFORNIA WATER AGENCIES

JOINT POWERS INSURANCE AUTHORITY

ECONOMIC STATISTICS

(000's Omitted)

For the Fiscal Year September 30,

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Liability										
Total Number of Claims (Cumulative)	10,309	10,614	10,792	9,393	11,294	11,586	11,908	12,200	12,555	12,842
Closed Claims (Cumulative)	10,158	10,402	10,640	10,872	11,127	11,373	11,612	11,867	12,169	12,461
Open Claims (at year end)	151	212	152	180	167	213	296	333	386	381
Covered Payroll (Cumulative)	$ 7,970,475	$ 8,438,819	$ 8,937,912	$ 9,427,805	$ 9,952,261	$ 10,461,457	$ 11,045,237	$ 11,738,353	$ 12,502,652	$ 13,267,403
Property										
Total Number of Claims (Cumulative)	2,079	2,181	2,275	2,373	2,463	2,589	2,693	2,816	2,950	3,072
Closed Claims (Cumulative)	2,030	2,142	2,244	2,336	2,417	2,532	2,645	2,759	2,875	3,004
Open Claims (at year end)	49	39	31	37	46	57	48	57	75	68
Covered Payroll (Cumulative)	$ 54,070,573	$ 58,803,203	$ 63,798,940	$ 69,031,783	$ 74,533,519	$ 80,656,971	$ 87,762,361	$ 95,702,609	$ 104,858,066	$ 95,702,608
Workers' Compensation										
Total Number of Claims (Cumulative)	8,808	9,164	9,507	9,822	10,145	10,453	10,750	11,070	11,363	11,676
Closed Claims (Cumulative)	8,378	8,724	9,075	9,373	9,712	10,046	10,336	10,670	10,983	11,270
Open Claims (at year end)	430	440	432	449	433	407	414	400	380	406
Covered Payroll (Cumulative)	$ 5,350,300	$ 5,787,648	$ 6,241,955	$ 6,706,772	$ 6,720,301	$ 7,222,206	$ 7,743,749	$ 8,309,485	$ 8,944,051	$ 9,624,663
Number of Employees	39	43	46	48	49	49	49	49	50	50
Ratio of Premium to Payroll/TIV										
Liability Program	3.58%	3.57%	3.37%	3.02%	2.94%	2.92%	3.00%	2.54%	2.71%	2.81%
Property Program	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.09%	0.08%	0.09%	0.12%
Workers' Comp. Program	2.79%	2.81%	2.72%	2.64%	2.59%	2.46%	2.39%	2.29%	2.19%	1.95%

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

Demographic Statistics by Employer

	2020			2011	
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employees**	**Number of Employees**	**Rank**
The Permanente Medical Group & Foundation Group	5,200	1	5.70%	4,430	1
Sutter Roseville Medical Group	2,202	2	2.41%	1,654	3
City of Roseville	1,896	3	2.08%	1,230	5
Adventist Health	1,320	4	1.45%	0	
Union Pacific Railroad Company	1,150	5	1.26%	1,118	6
Roseville City School District	1,133	6	1.24%	929	7
PRIDE Industries	1,062	7	1.16%	661	9
Roseville Joint Union High School District	1,005	8	1.10%	1,299	4
Top Golf	450	9	0.49%		
Consolidated Communications	320	10	0.35%		
Hewlett-Packard				3,200	2
Wal-Mart				790	8
Telefunken Semiconductors America				640	10
Subtotal	15,738		17.24%	15,951	
Total Employment	91,253 (a)			68,130	

(a) Total Employment (as used above) represents the total employment of all employees located within the City of Roseville, which is the office location of ACWA JPIA.

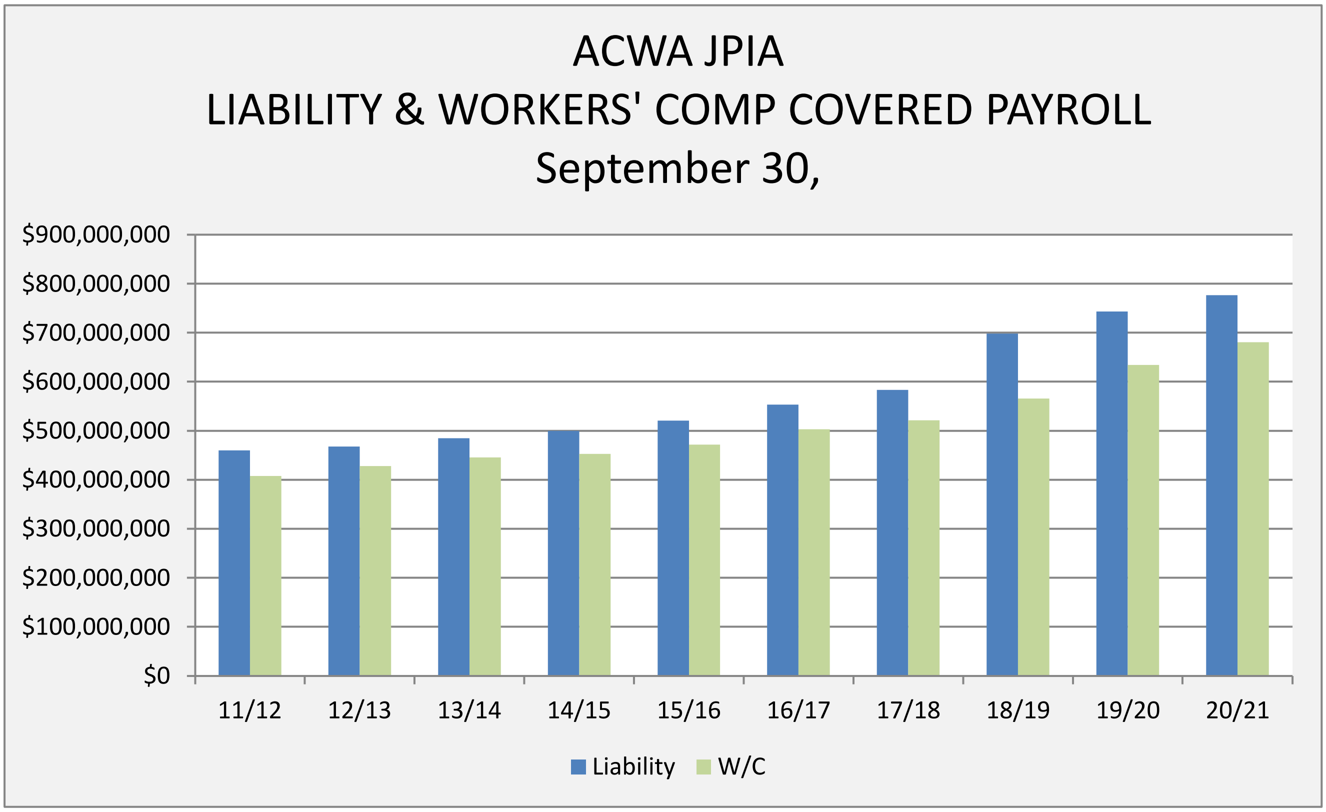
ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURNACE AUTHORITY

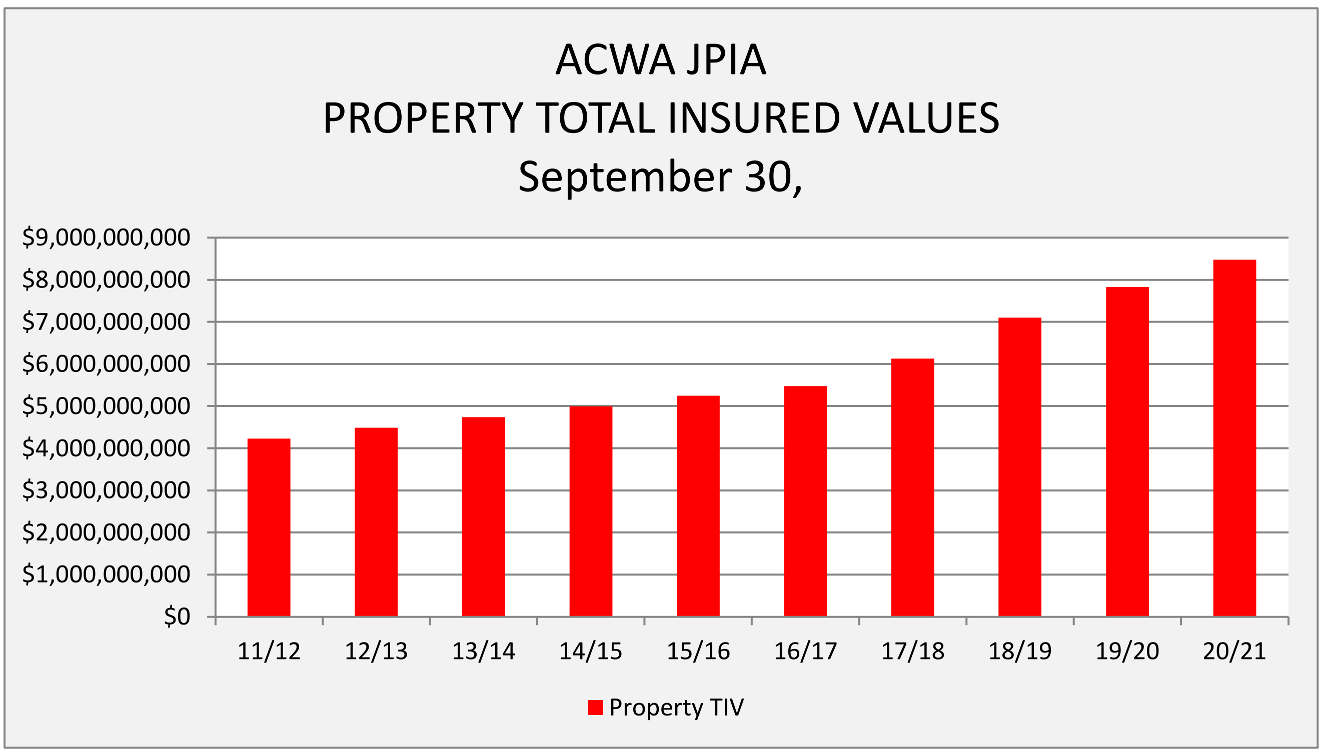
Demographic Statistics by Population

Fiscal Year	City of Roseville Population	County Total Personal Income (in thousands)	County Per Capita Personal Income	Unemployment Rate	Placer County Population	City Population % of County
2011	120,593	17,312,666	48,476	11.4%	357,138	33.77%
2012	122,060	19,004,105	52,544	10.0%	355,328	34.35%
2013	124,255	20,174,068	54,924	7.5%	357,463	34.76%
2014	126,956	21,182,771	55,000	6.5%	366,000	34.69%
2015	128,832	21,240,299	57,000	5.3%	369,454	34.87%
2016	134,073	22,741,453	59,000	4.5%	373,796	35.87%
2017	135,868	24,527,289	63,000	3.8%	382,837	35.49%
2018	137,213	26,223,081	67,000	3.0%	389,532	35.23%
2019	139,643	(a)	(a)	3.5%	396,691	35.20%
2020	145,163	(a)	(a)	3.0%	403,711	35.96%

(a) Information not available

Note--The JPIA's office is located in the City of Roseville.


ACWA JPIA
LIABILITY & WORKERS' COMP COVERED PAYROLL
September 30,
$900,000,000
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
Liability
W/C


ACWA JPIA
PROPERTY TOTAL INSURED VALUES
September 30,
$9,000,000,000
$8,000,000,000
$7,000,000,000
$6,000,000,000
$5,000,000,000
$4,000,000,000
$3,000,000,000
$2,000,000,000
$1,000,000,000
$0
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
Property TIV

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Association of California Water Agencies
Joint Powers Insurance Authority
Roseville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise ACWA JPIA's basic financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACWA JPIA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACWA JPIA's internal control. Accordingly, we do not express an opinion on the effectiveness of ACWA JPIA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACWA JPIA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

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effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2021-001.

ACWA JPIA's Response to Finding

ACWA JPIA's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. ACWA JPIA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 30, 2022

FINDINGS AND RECOMMENDATIONS

CALIFORNIA WATER INSURANCE FUND

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2021

COMPLIANCE FINDINGS

2021-001. BOARD MEETINGS

Condition:

CWIF's board did not meet at least once a year in Utah.

Criteria:

According to Utah Code U.C.A. 31A-37-201-(2)(b), Captives are required to hold a Board of Directors meeting at least once a year in Utah.

Cause:

Due to the shelter-in-place and travel restrictions in connection with the COVID-19 pandemic, it was not possible to hold an in-person Board meeting in Utah.

Effect:

CWIF is non-compliant with Utah Code U.C.A. 31A-37-201-(2)(b).

Recommendation:

We recommend that CWIF attempt to schedule the required meeting as early in the fiscal year as possible to avoid unforeseen difficulties that would prevent holding a meeting in Utah each year.

Corrective Action Plan:

Circumstances beyond our control impacted the ability to hold the 2020-21 Board of Directors meeting in person. The Utah Insurance Department, while unable to formally waive the in-person requirement, assured us there would be no penalty or negative finding. Going forward, we will evaluate the best timing for 2021-22 and consider whether to schedule earlier in the year after that to avoid similar issues.

CALIFORNIA WATER INSURANCE FUND

FINDINGS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 2021

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

COMPLIANCE FINDINGS

Recommendation	Current Status	Explanation If Not Implemented
2020-001. BOARD MEETINGS We recommend that CWIF attempt to schedule the required meeting as early in the fiscal year as possible to avoid unforeseen difficulties that would prevent holding a meeting in Utah each year.	See repeat finding 2021-001	Circumstances beyond our control impacted the ability to hold the 2020-21 Board of Directors meeting in person.
2020-002. CONFLICT OF INTEREST STATEMENTS We recommend that CWIF file with its Board of Directors conflict of interest statements for each officer, director, and key employee annually	Implemented	N/A

ACWA JPIA
Proposed Operating Budget
for Fiscal Year 10/1/2022-23
May 2, 2022

BACKGROUND
In March/April of each year, a proposed operating budget is submitted to the Finance & Audit Committee and then to the Executive Committee for review. At the JPIA spring conference, the proposed operating budget is presented for approval to the Board of Directors. The budget covers General & Administrative (G&A) Expenses for the fiscal year ending September 30, 2023.

CURRENT SITUATION
The most significant changes to the G&A budget for the fiscal year are staff salaries and staff employee benefits (lines 1 and 2).

Staff Salaries primary increase is due to anticipated inflation adjustments and an additional employee not previously budgeted.

Staff Employee Benefits decrease is due to $500,000 estimated for pension expense and retirement benefits for medical where previously it was $1 million. The reduction is primarily the result of favorable investment performance in these funds managed by CalPERS. Favorable investment performance for both these funds has resulted in net pension assets where the underlying assets exceed the estimated obligation.

The overall decrease in the Operating Budget is .9% (line 36). Salaries remain the largest line item in the budget.

RECOMMENDATION
That the Board of Directors approve the proposed Operating Budget for the fiscal year ending September 30, 2023, as presented.

Prepared by: David deBernardi, Director of Finance Date prepared: April 8, 2022

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

GENERAL & ADMINISTRATIVE EXPENSES

	BUDGETED FYE 9/30/21	ACTUAL FYE 9/30/21	DIFFERENCE ACT - BUD	APPROVED BUDGET FYE 9/30/22	**PROPOSED BUDGET FYE 9/30/23**	DIFFERENCE 2022 vs. 2023	% OF CHANGE 22 vs. 23
ACWA/JPIA STAFF SERVICES							
1 Staff Salaries & Temporary Services	$ 5,650,806	$ 5,513,862	$ (136,944)	$ 5,830,533	**$ 6,200,000**	$ 369,467	6.3%
2 Staff Employee Benefits	2,790,059	1,720,877	(1,069,182)	3,605,286	**3,100,000**	(505,286)	-14.0%
3 Office Buildings	119,000	131,551	12,551	126,000	**139,000**	13,000	10.3%
4 Postage and Freight	51,000	47,294	(3,706)	52,000	**53,000**	1,000	1.9%
5 Telephone Service	54,000	56,716	2,716	56,000	**57,000**	1,000	1.8%
6 JPIA Perspective Printing & Distribution	21,000	16,906	(4,094)	20,000	**18,000**	(2,000)	-10.0%
7 Outside Printing	19,000	13,253	(5,747)	22,000	**16,000**	(6,000)	-27.3%
8 JPIA Office Insurance	19,000	24,271	5,271	19,000	**26,000**	7,000	36.8%
9 General Office Supplies	40,000	22,094	(17,906)	29,000	**29,000**	0	0.0%
10 Computer Equipment Software, Office Furniture	818,000	826,353	8,353	815,000	**840,000**	25,000	3.1%
11 Dues, Subscriptions, & Misc. Publications	100,000	129,794	29,794	125,000	**125,000**	-	0.0%
12 Staff Ed/Training Seminars & Coursework Reimbs	72,000	22,033	(49,967)	70,000	**75,000**	5,000	7.1%
13 Depreciation on Capital Assets	200,000	223,604	23,604	211,000	**215,000**	4,000	1.9%
14 Staff Travel Related Expenses	77,000	16,850	(60,150)	85,000	**85,000**	-	0.0%
15 Staff Risk Assessment Travel Related Expenses	36,000	8,097	(27,903)	46,000	**46,000**	-	0.0%
16 Member Informational Workshops	115,000	(59,611)	(174,611)	113,000	**113,000**	-	0.0%
17 Lending Library	18,000	747	(17,253)	25,000	**5,000**	(20,000)	-80.0%
18 Member Safety & Loss Control Incentive Awards	116,000	102,063	(13,937)	115,000	**115,000**	0	0.0%
19 Total ACWA/JPIA Staff Services	**10,315,865**	**8,816,754**	**(1,499,111)**	**11,364,819**	**11,257,000**	**(107,819)**	**-0.9%**
COMMITTEES & BD. OF DIRECTORS' SERVICES							
20 Executive Committee Member Expenses	152,000	108,083	(43,917)	220,000	**170,000**	(50,000)	-22.7%
21 Finance/Audit Committee & Committee Expenses	20,000	11,103	(8,897)	30,000	**20,000**	(10,000)	-33.3%
22 Semi-Annual ACWA Conf. & Bd of Directors' Expense	136,000	21,381	(114,619)	130,000	**150,000**	20,000	15.4%
23 Total Committees & Board of Directors' Services	**308,000**	**140,567**	**(167,433)**	**380,000**	**340,000**	**(40,000)**	**-10.5%**
EXTERNAL CONSULTING AND PROF. SERVICES							
24 Insurance Program Actuarial Analysis	24,000	18,900	(5,100)	24,000	**21,000**	(3,000)	-12.5%
25 Consulting Services	8,000	28,499	20,499	27,000	**25,000**	(2,000)	-7.4%
26 Occu-Med	95,000	100,148	5,148	86,000	**106,000**	20,000	23.3%
27 Target Solutions	132,000	138,400	6,400	138,000	**145,000**	7,000	5.1%
28 General Legal/Attorney Services	2,000	54,107	52,107	3,000	**5,000**	2,000	66.7%
29 Specific Claims & Coverage Related Legal Fees	45,000	48,825	3,825	45,000	**45,000**	0	0.0%
30 External Claims Administration	275,000	219,876	(55,124)	235,000	**260,000**	25,000	10.6%
31 ACWA/JPIA Financial Audit	60,000	63,100	3,100	60,000	**66,000**	6,000	10.0%
32 Insurance Programs Claims Audits	-	-	-	17,000	**-**	(17,000)	0.0%
33 Personnel Consulting Services	-	-	-	0	0	**0**	0.0%
34 Total External Consulting / Professional Services	**641,000**	**671,855**	**30,855**	**635,000**	**673,000**	**38,000**	**6.0%**
35 **PROGRAM DEVELOPMENT / CONTINGENCIES**	-	-	-	-	**-**	0	0.0%
36 TOTAL GENERAL & ADMINISTRATIVE EXPENSES	**$ 11,264,865**	**$ 9,629,176**	**$ (1,635,689)**	**$ 12,379,819**	**$ 12,270,000**	**$ (109,819)**	**-0.9%**

ACWA JPIA
Pooled Programs Update
May 2, 2022

BACKGROUND

The JPIA has four major pooled programs. Created in 1979, the Liability Program has served JPIA members for over 40 years. The Property Program was implemented in 1982; while the Workers' Compensation Program began in 1984. Lastly, the JPIA assumed responsibility for the Employee Benefits Program in July 2012.

The JPIA continues to offer its members stability through a strong financial position, experienced management, and an unwavering and growing customer participation.

Each pooled program stands alone meaning they are separately funded and managed. The Programs have different levels of members participating, as not all members partake in all programs.

CURRENT SITUATION

Over the recent years, the member participation gaps are narrowing with improved pricing, expanded coverages, increased outreach program, and a coordinated focus on customer service.

Staff will review current highlights for each program.

RECOMMENDATION

None, information only

Prepared by: Walter "Andy" Sells, Chief Executive Officer　　Date prepared: March 21, 2022

ACWA JPIA
Pooled Programs Highlights

Liability Program

- $5 million retention, purchase an additional $50 million in excess insurance
- Approximately 335 members
- Program renews October 1 of each year
- Pricing has been very stable; no increase in last 15 years

Property Program

- $100,000 retention with $500 million in limits
- Program renews July 1 of each year
- Approximately 285 members
- 15% rate increase in pricing for the new year
- Catastrophic events continue to dominate pricing
- Very hard market, expect 15-20% increase in rates

Workers' Compensation Program

- $2 million retention
- Program renews July 1 of each year
- Approximately 200 members
- Pricing has been very stable; rates remained unchanged for the current year
- Legislative changes present the biggest challenge to rates

Employee Benefits Program

- Program includes three self-insured products:
  - Health Benefits
  - Dental
  - Vision
- Program renews January 1 of each year
- Approximately 265 members
- Rates for the self-funded PPO program reduced 5%
- Other self-insured programs remain unchanged
- Switch to UnitedHealthcare Advantage plan for Retirees with Medicare
- Added Modern Health as a component of all JPIA medical plans

ACWA JPIA
Leadership Essentials for the Water Industry Program Update
May 2, 2022

BACKGROUND
The JPIA designed the Leadership Essentials program to meet the needs of tomorrow's leaders in the water industry. The year long program began in 2015 and has graduated over 150 leaders in JPIA member agencies.

CURRENT SITUATION
Currently, 29 participants are actively participating in the Leadership Program. They began in October and November and will finish in one year. With the ever-changing landscape that is leadership, the program has made updates to curriculum constantly. A major change this year was to introduce the concept of Strength-Based Leadership. Working from an individual's strengths increases engagement and produces better results. Revisions were also made to the Team Leadership module to stress each individual's responsibility for the success of the team.

The Leadership Program continues to be popular with members with many inquiries already being received for the 2022/2023 program. With a maximum of 16 participants per cohort, it does fill up quickly. Current participants are listed on the next page.

RECOMMENDATION
None, informational only.

Prepared by: Patricia Slaven, Director of Admin and HR Date prepared: April 18, 2022

Southern California Leadership Cohort 2021/2022

Haydee Sainz	HR/Risk Manager	West Valley WD
Sheridan Nicholas	Engineer-Manager	Wheeler Ridge-Maricopa WSD
Jon Curry	Operations Manager	Tehachapi-Cummings CWD
Christina Henry	Community Relations Manager	Elsinore Valley MWD
Jessica Clabaugh	Finance Officer	Borrego WD
Danielle Logsdon	Principal Engineer	Yorba Linda WD
Alison Martin	Public Affairs Manager	Yorba Linda WD
James Gumpel	District Engineer	Vallecitos WD
Josh Byerum	Director of Finance	Walnut Valley WD
Brent Chester	Operations Supervisor	Mid-Peninsula WD
Sheryl Shaw	Director of Engineering	Walnut Valley WD
Tyson Heine	Customer and Support Services Manager	Rancho Water
Patricia Butler	Chief Engineer	Santa Margarita WD
Scott L. Rogers	Engineering Manager	Palmdale WD

Northern California Leadership Cohort 2021/2022

Jeremy Cox	Utilities Administrator	City of Woodland
Jeffery Stephen Ott	Director of Finance and Administration	Sacramento Suburban WD
Susan Schinnerer	Human Resources Administrator	Sacramento Suburban WD
Amy Mueller	Regulatory Compliance Supervisor	Calleguas MWD
Michael Anderson	Operations Supervisor	Mid-Peninsula WD
Amparo Flores	Principal Engineer	Zone 7 Water Agency
Phil Witt	General Manager	Purissima Hills WD
Adam Claes	Asst. General Manager	Fresno ID
David Burrow	Assistant Watermaster	Fresno ID
David Higares	Maintenance Supervisor	Stockton East WD
Manuel Verduzco	Senior Engineer	Stockton East WD
Brandon Tomlinson	General Manager	Chowchilla WD
Rob Greenfield	General Counsel	JPIA
Brittney Moore	Sr. Management Analyst	Citrus Heights WD
Rebecca Scott	Director of Operations	Citrus Heights WD

<u>ACWA JPIA</u>
<u>Human Resources Update</u>
<u>May 2, 2022</u>

<u>BACKGROUND</u>
The JPIA continues to assist districts with employment-related support and training to reduce employment liability claims and encourage a positive work culture. This is accomplished by providing virtual classes, regional Human Resource meetings and for those in the Liability Program, direct access to JPIA staff with Human Resource expertise.

<u>CURRENT SITUATION</u>
JPIA is excited to share that we held our first in-person Human Resources Group meeting in three years at the Frontier Project at Cucamonga Valley Water District. The forty-five attendees heard several speakers on the topics of *Creating a Brand for Your Recruiting Strategies*, *New Ways to Attract and Onboard Staff*, and *ACWA's Nex Gen Initiative*. All feedback received was positive and everyone was thankful to be able to gather together, network and learn new ideas in the world of Human Resources.

JPIA has continued the monthly Hot Java and Hot HR topics webinars attracting hundreds of participants throughout the last year and has topics scheduled through the summer months. This is a way to share pertinent information as it develops, and keep members well informed. See next page for listing.

<u>RECOMMENDATION</u>
None, informational only.

Prepared by: Patricia Slaven, Director of Admin and HR Date prepared: April 18, 2022

Hot Java and Hot HR Live Webinars 2021

Date	Attendees	Topic
1/21/2021	58	New CFRA Requirements
2/18/2021	84	Latest on COVID 19 Vaccines and Testing
3/18/2021	54	How to discuss accommodation with an employee
4/15/2021	32	Recruiting in a Pandemic
5/20/2021	30	Team Building in a Virtual World
6/17/21	26	Addressing Online Meeting Fatigue
7/15/21	31	IIPP: Three Key Takeaways
8/19/21	27	Don't Go It Alone: Call on OccuMed
9/16/21	33	JPIA's New Wellness Resource Page on the Website
10/21/21	41	Cheers for Peers
11/18/21	32	Prioritization and Time Management…Especially for HR Professionals
12/7/21	38	New Laws for 2022

Hot Java and Hot HR Live Webinars 2022

1/5/22	33	New Laws for 2022
2/17/22	29	Building an Inclusive Culture
3/17/22	42	Stay Interviews
4/21/22		Tour of Training Resources
5/19/22		Heat Illness Prevention
6/16/22		Wellness for the Win!
7/21/22		HR Checklists, Templates and How-to-Guides, Oh My!

ACWA JPIA
Training Update
May 2, 2022

BACKGROUND
At the spring Board Meeting, the Training Department will provide an update.

CURRENT SITUATION
As member agencies rebound from the workplace impact of the COVID-19 pandemic, JPIA Training has been focused on safely returning to delivery of in-person training, while also enhancing and maintaining our robust online learning options for members.

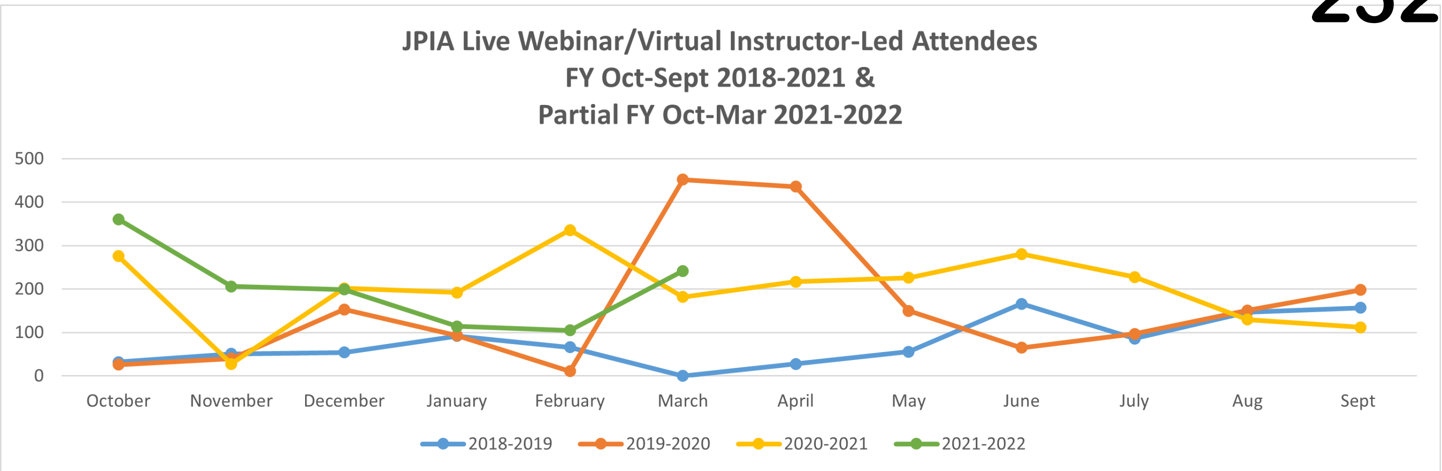
Guidelines were announced in January 2022 for returning to in-person instructor-led training. Member agencies are once again able to request training courses via their assigned JPIA risk control advisor directly or by contacting our JPIA Training team. Regional multi-session training events and individual courses are beginning to be delivered onsite at member agencies. Planning has also begun for the JPIA Training Conference to be held October 18-19, 2022, in San Diego.

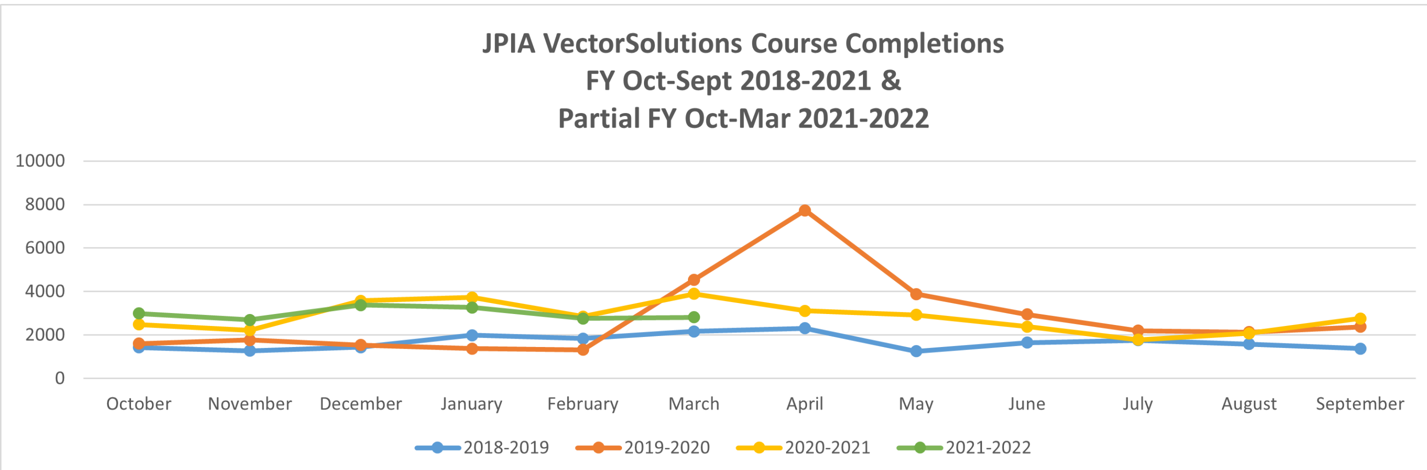
The following graphs show how online training completions remain strong in FY 2021-2022. Live virtual training participation continued to climb with new courses offered via WebEx in early 2022. The number of online courses completed on the VectorSolutions platform remains higher than the pre-pandemic average and monthly usage of eLearning modules in Prosperity continues to grow steadily.

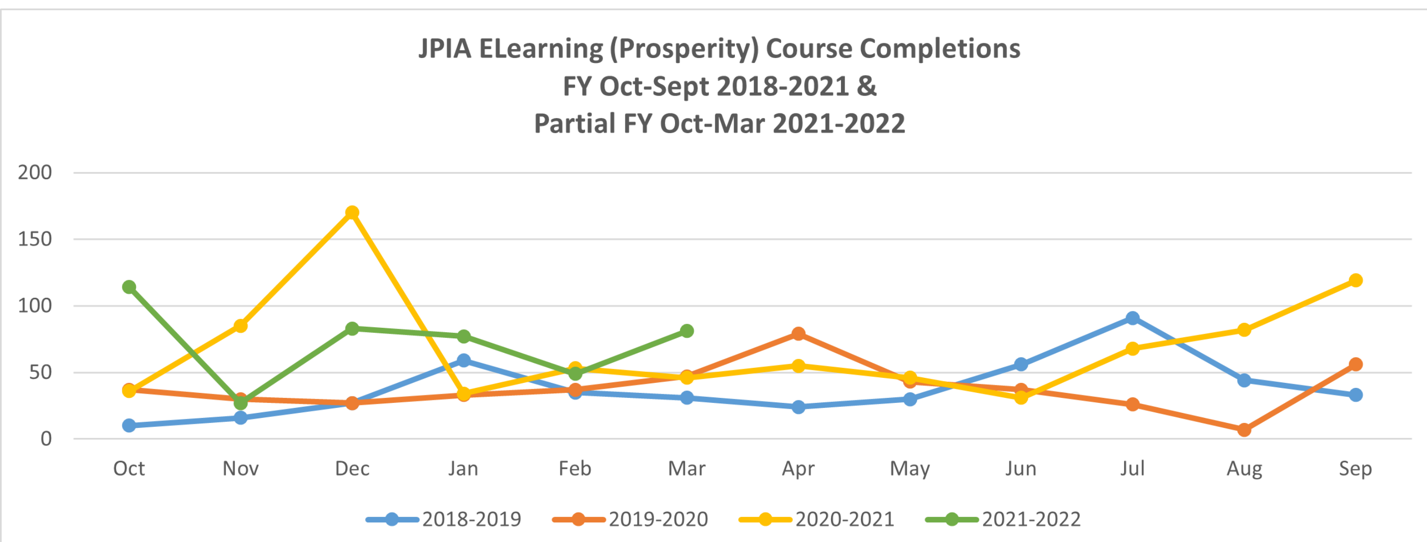
The JPIA has been well positioned to meet the changing demands in member education, even in a pandemic, because of ongoing investments made in innovative learning modalities over the years. The JPIA has partnered with additional vendors to purchase needed online options and will continue to expand virtual offerings via live, instructor led virtual courses and eLearning while also optimistically focusing on safe, effective options for onsite, in-person training throughout 2022.

RECOMMENDATION
None, informational only.

Prepared by: Sarah Crawford, Training Manager　　　　Date prepared: April 8, 2022


JPIA Live Webinar/Virtual Instructor-Led Attendees
FY Oct-Sept 2018-2021 &
Partial FY Oct-Mar 2021-2022
500
400
300
200
100
0
October
November
December
January
February
March
April
May
June
July
Aug
Sept
2018-2019
2019-2020
2020-2021
2021-2022


JPIA VectorSolutions Course Completions
FY Oct-Sept 2018-2021 &
Partial FY Oct-Mar 2021-2022
10000
8000
6000
4000
2000
0
October
November
December
January
February
March
April
May
June
July
August
September
2018-2019
2019-2020
2020-2021
2021-2022


JPIA ELearning (Prosperity) Course Completions
FY Oct-Sept 2018-2021 &
Partial FY Oct-Mar 2021-2022
200
150
100
50
0
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
2018-2019
2019-2020
2020-2021
2021-2022

JPIA Training
Attendees and Course Completions
FY 2018 to 2021, Partial FY (6 mos) 2021 to 2022

Mode of Training	In Person (Classroom)	WebEx Training (Webinar/Virtual Instructor-Led)	VectorSolutions (eLearning)	JPIA Prosperity (eLearning)
Oct to Sept 2018- 2019	**6,523** Attendees	**935** attendees**	**20,067** course completions	**456** course completions
Oct to Sept 2019-2020	**3,956** attendees*	**1,872** attendees**	**33,421** course completions	**459** course completions
Oct to Sept 2020 - 2021	**0** Attendees	**2,410** attendees**	**33,798** course completions	**825** course completions
Partial FY* Oct to Mar 2021 - 2022	**213** Attendees	**1,227** attendees**	**17,902** course completions	**431** course completions

*Partial FY, October 2021 through March 2022

Printed as of April 1, 2022

ACWA JPIA
Safety Award Winners – Spring 2022
May 2, 2022

BACKGROUND
The JPIA's H.R. LaBounty Safety Awards Program began in 1999 to promote safe workplace behavior and operation practices while rewarding those employees who demonstrate safe behavior, take part in recognizable proactive activities, or participate in risk-reducing actions. Additionally, nomination summaries of recognized hazards with corrective actions are available to the entire JPIA membership through the JPIA's website at https://www.acwajpia.com/safety-risk-control/#safety-awards.

CURRENT SITUATION
Results of the Safety Awards Program are announced each Spring and Fall at the ACWA JPIA Conferences and highlighted in the *JPIASource* and the *Perspective*.

There were nine nominations submitted from seven members for Spring 2022. Nine member employees will receive monetary awards for their safety improvements and engineering solutions. The awards highlighted for presentation at the ACWA JPIA Spring Conference were selected based on the following judging criteria:

- Provides solid documentation of the hazard or exposure; and the controls to reduce or eliminate the hazard such as tools, forms, or programs.
- Demonstrates employee participation across all levels of the organization with documentation of communication and training methods.
- Implements a best practice for a Commitment to Excellence category based on JPIA loss data.
- Applies to small, medium, and large members within the JPIA.
- Provides a long-term solution to eliminate, substitute, or engineer out the hazard.

Winning submissions will be posted on the JPIA's website under Safety Awards - Award-Winning Submissions.

Risk Control Advisors continually promote the H.R. LaBounty Safety Awards Program during site visits and training classes, to encourage members to engage their staff and continuously improve their safety programs.

RECOMMENDATION
None, informational only.

Prepared by: Robin Flint, Risk Control Manager　　Date prepared: April 6, 2022

H.R. LaBounty Safety Award Winners – Spring 2022

Employee's Name	District's Name
Darin Sturdivan	Coastside County Water District
Chris Soule	El Dorado Irrigation District
Kyle Drake	Fallbrook Public Utility District
Maintenance Department	Humboldt Bay Municipal Water District
Chris Petersen	Laguna Beach Community Services District
Dave Rusk	Laguna Beach Community Services District
Ron Laguitan	Moulton Niguel Water District
Ben Harris	Sacramento Suburban Water District
Greg Bundesen	Sacramento Suburban Water District

ACWA JPIA
CEO Update - Current Events at the JPIA
May 2, 2022

BACKGROUND
The JPIA's fiscal year ends annually on September 30.

CURRENT SITUATION
The JPIA's Chief Executive Officer, Andy Sells, will update the Board of Directors on the current events happening at the JPIA.

RECOMMENDATION
None, informational only.

Prepared by: Chimene Camacho, Executive Assistant to the CEO Date prepared: March 10, 2022